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10/2/61 Statement... before
43rd Ann. Conv. National
Association of State Depts.
of Agriculture,
Hershey, Penn.

UNITED STATES DEPARTMENT OF AGRICULTURE

STATEMENT OF ASSISTANT SECRETARY OF AGRICULTURE
JOHN P. DUNCAN, Jr.

Before the 43rd Annual Convention of the National
Association of State Departments of Agriculture
Hershey, Pennsylvania October 2, 1961

Because of his experience as the Governor of the great State of Minnesota, I am sure that in Secretary of Agriculture Orville L. Freeman the State Departments of Agriculture have a golden opportunity to come into their own as full partners in the administration of the laws in the regulatory and service fields with which our Federal and State Departments of Agriculture are charged.

Secretary Freeman has full knowledge of the powers and duties of State governments. He has an appreciation of the historic contribution of State Government to our American system. He has the realization that our people can best be served--farmer and consumer alike--by coordinating and, in many instances, integrating our regulatory staffs and service personnel in a joint endeavor in public service under the broad term of "agriculture".

The year 1962 marks the one-hundredth anniversary of the United States Department of Agriculture and the creation of the Land Grant College system. The Congress has passed the needed legislation and made funds available to appropriately celebrate the "Centennial Year". We will all enthusiastically join in our praise of the vision of those legislators, administrators, executives, and civic and farm leaders who created regulatory and other services, research stations and laboratories, classrooms and extension systems to help make the United States the most productive agricultural nation in history.

As we observe and celebrate the Centennial Year, we must not overlook the fact that the real pioneers, in the regulatory and service fields and in research and education in agriculture, were many State Legislatures, Governors, farmer and civic leaders who created State Departments of Agriculture.

The first was New York when in 1819 the Legislature of that State created the New York State Board of Agriculture, the first such organization in our country. It was the forerunner to all the State Departments of Agriculture, the United States Department of Agriculture, the Land Grant Colleges and Universities, the Research systems and extension services. That was 142 years ago. Now, the Commissioner of Agriculture is appointed by the Governor and Don J. Wickham is, so to speak, a Cabinet Member in the Empire State.

Early next year, Kansas will hold another of a long series of Farmers Conventions to elect members of the State Board of Agriculture which, in turn, will select the Secretary who is the chief executive for the department in that state. I suppose Roy Freeland will succeed himself in that post.

In Virginia, Commissioner Parke C. Binkley is the executive officer of the Department of Agriculture and Immigration. The very name of the department is historically significant and denotes the dignity of age.

Parke is an appointee of the Governor whereas, in most of the Southeastern States, the Commissioners of Agriculture have to be politicians in the orthodox sense. They run for office. Being a Georgian, I can say that Phil Campbell is an expert in the field of practical politics.

At the Atlanta meeting of Southern Association of State Departments

of Agriculture, earlier this year, there was unveiled a highway marker on the farm-home site of the late Dr. Thomas P. Janes, Georgia's first Commissioner, who took office in 1874.

In a real sense, you are all politicians and politics is an honorable calling. The rightful meaning of the term "politics" is the "art and science of government". Of necessity, you are practitioners of the art and are skilled in the science.

A political issue before the Congress at the recent session was the "Agricultural Act of 1961". The omnibus bill applies the principles of the marketing order system, commodity-by-commodity, on a national basis. The recent enactment includes some commodities and excludes others. If successful in meeting some of the difficult economic problems of agriculture, other commodity groups will desire to come under its provisions and the scope of the law will be expanded. Here again the leadership came from State Government--from California. I am informed that ten other states have similar laws applying to one or more commodities. Now the U.S.D.A. is following state-by-state experience.

The points I am making are these: the State Departments of Agriculture are historically old in the terms of the relatively short history of the United States; state-by-state the executive officer is chosen in a variety of ways and may even be the Dean of Agriculture of the Land Grant College, as is the case in Indiana and Maryland; the duties and responsibilities vary in each state, for in Nebraska bingo games are licensed by the Department of Agriculture; many fields of responsibility are departmentalized and spread among several agencies as in the case of

Arkansas and Arizona.

Thus each state is, in a way, a laboratory or experimental station in government. The hope, therefore, is that these annual meetings of the National Association of State Departments of Agriculture will serve as a place to compare results.

The history, the name, the traditions of each State Department are interesting but should be permitted neither to stifle adaptation to the needs of changing times nor blind to us to the necessity for reorganization to render greater efficiency in the administration of regulatory laws and service functions.

A hodge-podge, state-by-state approach, to say the least, can be confusing. This would be the case if every state, as an entity, ignored the necessity for states to work together and with the Federal Government. In this day and age corn and wheat are not ground at a nearby mill, livestock is not sold to a drover or local butcher, and science has found out about vitamins, anti-biotics, and herbicides.

Even with a higher degree of uniformity in the delegation of powers and duties by State Legislatures, each State does have wide variance in organizational structure and in laws to meet local conditions and problems.

I commend your regional organizations for working with the Council of State Governments and urge greater consultation with the help of that agency. This can help remove some rough spots and promote greater uniformity and improved working relationships among states.

In my opening remarks I commended Secretary Freeman to you as a man

who has transferred from the Office of Governor to that of United States Secretary of Agriculture. To some this change in his career would be described as a "move up the ladder of politics and government". I do not believe the Secretary feels that way about it. He respects State Government. He respects State Departments of Agriculture and the heads of these agencies. He would like to see a two-way partnership develop between the State Departments of Agriculture and the U.S.D.A.

Here are some of the suggestions I would like to make.

Having traveled with Secretary Freeman on several occasions, recently, we have frequently discussed Federal-State relations. We agree that you State officials are close both to farmers and consumers in many ways and have a practical approach to their problems, needs, and prejudices.

At some date between November first and the end of the year, Secretary Freeman is planning to hold a series of four, one-day sessions when your regional Association members can meet with him and some of his associates for a "brain-storming" session. These conferences are to emphasize Federal-State relations and will be related to those fields in which the State Departments and the U.S.D.A. have a common concern, such as in regulatory and service work, farmer-consumer relations, and programs for the purpose of enhancing the income of our farmers and rural communities.

Early in this new Administration, Secretary Freeman emphasized the fact that farmers are now but 9 percent of the population and that, unfortunately, a high percentage of the 91 percent who are non-farmers have some misconceptions about the problems of farmers and related agricultural industries.

You recognized this situation a year ago at your annual meeting in Denver when you adopted Resolution No. 20 setting up a Farmer-Consumer Relations Committee representing State Departments of Agriculture.

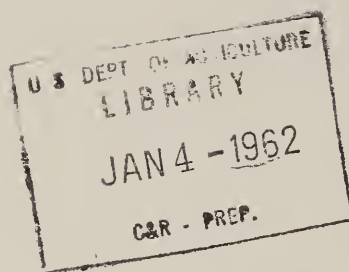
Those of us who are enjoying the privilege of serving on Secretary Freeman's staff and our colleagues--the career men in the Department--are aware that there are areas of confusion, lack of uniformity of working relations between the U.S.D.A. and the various State Departments; inequities in the distribution of Federal and State (I emphasize "and State") funds--to States and by States in joint Federal-State regulatory and service endeavors. Since many of these fields come within my jurisdiction as Assistant Secretary of Marketing and Foreign Agriculture, I propose that your National Executive Committee arrange a conference for me and my associates to see if we can develop a course of action to bring about improvements.

In closing, let me assure you that I speak for the Secretary when I say that we in the U.S.D.A., like you, fully realize that agriculture is experiencing an economic revolution, that farmers and small-town people in rural areas are suffering economically and socially because of this revolution. We are united in our desire to make adjustments to meet the changed and changing problems with new ideas. We need to compare notes frequently and we need a means to exchange ideas and to discuss and debate the issues. Above all, we must have confidence in each other.

It is essential that we have good working relationships between the United States Department of Agriculture and the State Departments of Agriculture.

To approach our mutual problems in any other way would be false to our trust.

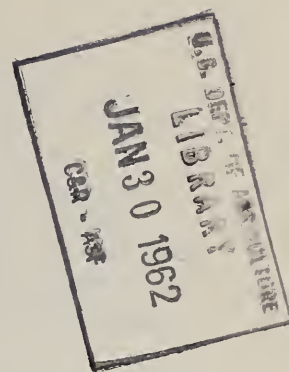
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UNITED STATES DEPARTMENT OF AGRICULTURE
Washington 25, D. C.For release January 15, 1962, 11:00 a.m., local time

COMMON MARKET DEVELOPMENTS AND U. S. FARM EXPORTS

Remarks by John P. Duncan, Jr. Assistant Secretary for Marketing and Foreign Agriculture at a meeting of the National Council of Farmer Cooperatives, San Francisco, California, January 15, 1962



I'm pleased to have this opportunity to talk about developments in the European Common Market and their possible effect on our agricultural exports. Fortunately, the topic assigned to me didn't specify "latest" developments -- because the latest developments of the Common Market will be found in tonight's newspaper, and I haven't read it yet.

The European Common Market is a fast moving development, and it is one of the major developments of the times. In a news sense, it ranks with Berlin, the Congo, and outer space. In an economic sense, it is the most important development currently taking place -- we might even say the most important economic development of the century.

Europe is some 8,000 miles from San Francisco, but distances don't mean much any more. The Common Market is beginning to affect us now and will affect us in the future as surely as though it were just outside the Golden Gate. I want to commend you people and your organization for placing the Common Market on your discussion program because it is a subject that is timely, that is important, and that directly or indirectly affects every agricultural commodity with which you are concerned.

We are all particularly interested in the Common Market at this time because of its agricultural policies and their implications. These policies have been in the making for a long time, but in recent days they have been coming to a head.

These policies, whatever their final shape, are going to affect our agricultural exports in the future. In 1960, we sold farm products to the six Common Market countries in the amount of \$1.1 billion. Other countries are asking to join or affiliate with the six, and the Common Market eventually could include countries which together are annual customers for over \$2 billion worth of our agricultural exports. This is two-thirds of our dollar trade in farm products.

These Western European countries are the best customers we have. When they buy our farm products, they pay in cash -- either dollars or other hard currency. They buy a great variety of farm products. They represent the kind of countries we like to do business with. Our worry is that the very success of the Common Market, for certain commodities, may result in our doing not more but less agricultural export business. This is serious. We are all concerned about it -- you people in the business world and we who are in Government. We hope the existence of the Common Market does not impair our agricultural exports. We are doing our best to see to it that it does not.

Now in discussing the European Common Market, I think we need to differentiate between the Common Market itself, including its broad aims and policies, and the specific agricultural sector of the Common Market. To say that we have reservations about some of the agricultural policies does not imply that we need have equal reservations about the Common Market itself. As agricultural people, we need to be aware of the aims and aspirations of the total Common Market concept. We all remember the story of the three blind men and the elephant. One blind man felt the elephant's side, another the trunk, and another the tail. Each had his own impression of what the elephant was like, but none really knew. Similarly, the Common Market has many aspects and we need to look at them all.

History no doubt will show that the creation of the Common Market was one of the greatest things that could have happened to Western Europe. It represents a logical extension of the progress that Europe has been making ever since the war. I'd like to review some of the events of recent years to show why I think this is so.

At the end of the Second World War, Europe was flat on its back. We came along with the Marshall Plan and it transfused new life into all of Europe. Within a very few years, people were back at work, war damage had been repaired, and business was beginning to boom.

During those postwar years, and with our encouragement, European countries were drawing closer together, economically and politically. They set up the Organization for European Economic Cooperation and the European Payments Union. Belgium, the Netherlands, and Luxembourg set up a customs union called Benelux. The European Coal and Steel Community was formed. The European Atomic Energy Community, Euratom, was formed. On March 25, 1957, in Rome, six countries signed a treaty to form the European Economic Community -- the Common Market. These six were, of course France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. Today the United Kingdom, Ireland, and Denmark are seeking to join this customs union, and some others likely will join or affiliate.

It is not unusual or unexpected that the countries of Western Europe should be getting together in this way. They are small countries, and they need to have close ties with one another. Take a look at the map and you see that France is smaller than Texas; West Germany and Great Britain each are only two-fifths the size of Texas. These countries, for centuries, have had artificial barriers between them. These barriers have been the source of suspicions and wars, they have throttled business, and they have impeded general advancement. They had, eventually, to come down.

We helped to set the precedent for European countries to let down their mutual barriers when we adopted our own Constitution 175 years ago. The drafters of that great document, as you recall, wisely wrote into Article I the provision that commerce was to flow freely between our various States. This, in effect, set up a customs union of our own, and it as much as anything in our history has led to our own growth and development.

The emergence of the European Common Market has great and favorable implications for our country as a whole. President Kennedy cited some of these implications in a recent speech, and I would like to quote these two paragraphs:

"For the world of trade is no longer the same. Some 90% of the free world's industrial production may soon be concentrated in two great markets -- the United States of America and an expanded European Common Market. Our own example -- of 50 states without trade barriers behind a common external tariff -- helped to inspire the Common Market. Our support -- ever since the close of World War II -- has been thrown behind greater European unity. For we recognized long ago that such unity would produce a Europe in which the ancient rivalries that produced two world wars could rest in peace -- a Europe in which the strength and destiny of Germany would be inextricably tied to the West -- and a Europe no longer dependent on us, but on the contrary, strong enough to share in full partnership with us the responsibilities and initiatives of the Free World.

"Now this new 'house' of Europe' we sought so long is actually rising and it means vast new changes in our outlook as well. With the accession of the United Kingdom and other European nations, the Common Market will have almost twice as many people as we do -- it will cover nations whose economies have been growing twice as fast as ours -- and it will represent an area with a purchasing power which someday will rival our own. It could be -- it should be -- our biggest, our most reliable, our most profitable customer. Its consumer demands are growing -- particularly for the type of goods we produce best, for American goods not previously sold and sometimes not even known in European markets today. It is an historic meeting of need and opportunity; at the very time we urgently need to increase our exports, to protect our balance of payments and pay for our troops abroad, a vast new market is rising across the Atlantic."

The European Common Market may be fully in effect by 1970. Its development was set up on a basis of three successive stages, each 4 years long. The first stage which began in 1958 has just ended; the second 4-year stage is just beginning.

The first stage has been very successful. It has pertained mainly to industry. Internal tariffs have been cut 40 percent. Labor and products have begun to move much more freely between countries. Production has expanded dramatically. Consumers are finding a wider variety of goods in their shops than ever before. The Common Market area is enjoying a rate of economic growth considerable higher than our own.

In agriculture, however, a tough fight has been going on between the member countries. Proposals on agricultural policies were drawn up many months ago by the Commission which coordinates the affairs of the Common Market. The timetable called for agreement by member countries last year with the policies to go into effect now in 1962. But agreement on agricultural policies has been slow in coming.

Ad lib latest developments in agricultural policy considerations, if any.

We are not alone in the United States in having trouble in our agricultural pricing policies. Prices are the heart of the problem in Common Market countries as they try to get together on agricultural policies.

The Common Market proposals have called for a common level of prices among member countries. This would raise prices in some countries, lower them in others. Many farmers, of course, don't like this approach. As one example it would lower Germany's guaranteed price of wheat which is around \$3 a bushel.

The agriculture of the Common Market countries is not as efficient as ours. Our farms are of a more economical size, and our farmers are better educated and use better methods. But 25 percent of the people in the Common Market countries work in agriculture and their voices are strong and powerful. Where European farm prices are high, European farmers want to keep them that way.

Europe's farmers not only want continued high prices for what they produce, but also they hope, under the Common Market to expand their production. If proposed policies went fully into effect, in a few years we might find it especially difficult to sell our grains and poultry to

the area. Conceivably, a wide range of our export products could be seriously affected, including wheat, feed grains, rice, tobacco, animal products, fats and oils, poultry, and certain fruits.

The Common Market proposes to help its agricultural members through a system of variable import duties, fixed tariffs, and buying preferences that in some instances would make it hard for an outsider to get in.

When an area chooses to impose variable levies at its borders, in order to offset the differences in world prices and desired internal price levels it tends to offset any competitive advantage that outside suppliers may have. Such a system has promise of insulating internal production from external competition.

The outlook is not entirely gloomy. For some commodities, we expect our exports to grow as the Common Market continues its economic growth. Cotton, soybeans, and other oilseeds are examples. For some other commodities, we expect satisfactory tariff treatment. In the case of our fruit and vegetable products, for example, the Common Market countries propose fixed tariff rates but continue to apply quantitative restrictions. If these quantitative restrictions were removed -- as they certainly should be since these countries no longer have balance-of-payments problems -- our exports of these items would be increased substantially.

I hesitate to go much further in trying to describe the agricultural approaches of the European Common Market because these approaches have been going through a period of change. What we try to describe today may turn out to be somewhat different tomorrow. I do recommend highly that if you are not already following these developments, you will want to do so. The newspapers, the news magazines, the radio, and the television

are full of reports on the Common Market. This is something that is bound to affect our lives and our pocketbooks. It's an interesting vital news story and one we should all follow closely.

I am hopeful but cannot predict what course the Common Market will take in its agricultural import policies. We, as a nation, have made strong representations to the area. The President, the Secretary of State, the Secretary of Agriculture, their various spokesmen, and many others have talked repeatedly with the representatives of the Common Market. Even now Under Secretary of Agriculture, Charles Murphy and Howard Petersen, Special Assistant to the President, are in Brussels for discussions with the Common Market ministers. We have pointed out, time and again, that our support of the Common Market is based on the expectation that as it develops it will be trade expansive, not trade restrictive. We have pointed out the reasonableness of our expectation that we continue to sell our efficiently produced agricultural products, on a competitive basis, in the prosperous market.

The bargaining with the Common Market is not over -- it is just beginning. In the months and years ahead, as we negotiate with the Common Market and seek greater access for our farm products in that market, we will no longer be negotiating with the individual members -- we will be negotiating with one spokesman, their central administration. In some ways this will simplify our negotiating; in some ways it will be more difficult.

An immediate problem is that we are not set up, under our existing Reciprocal Trade Agreements Act, to bargain effectively with a customs union such as the Common Market. Under existing rules, we bargain for access to foreign markets on an item-by-item basis. The Common Market is so constituted, however, that its administrators are able to negotiate effectively only on the basis of across-the-board tariff cuts.

Our existing Trade Agreements Act expires on June 30. It has served its

purpose well. Under it we have been able to build and conduct the highest level of international trade in our country's history. But implements can be outmoded, and this is the case here. Our Administration must have the kind of new implement that enables it to negotiate flexibly and effectively with the newly developing economic areas such as the Common Market.

This new implement, as I see it, must do these things:

1. It must be conceived in the spirit of encouraging two-way international trade. In other words, it must be based on the hard fact of life that when you export, you also must expect to import.
2. It must seek to give efficient producers access to markets in countries that produce less efficiently. Only by so doing can the consumers of the world gain the benefits of technological progress.
3. It must seek to lower trade barriers through mutual agreement, on a broad give-and-take basis. Our negotiators, instead of trading only on an item-by-item basis, must be able to strike much more ambitious bargains on behalf of our agriculture and our industry.
4. It must provide reasonable precautions so that our agriculture and industry will enjoy net gains, not net losses, as we expand our over-all trade. And where individual adjustment problems may occur, it must provide for ways of helping to make those adjustments.
5. Therefore, in the trade legislation which the President will send to Congress later this month, he is requesting authority to negotiate on a broad category of goods, including the flexibility to obtain concessions from the Common Market on agricultural commodities in return for our granting concessions on industrial products.

The pattern of our future trade policy will determine to a large extent our success in selling farm products in the world's dollar market. This is not an academic matter. Your cooperatives, your farmer members, all farmers in general, and all agriculturally associated business have much at stake.

Last year our agricultural exports totaled \$5.1 billion in value. Seventy percent of this was for dollars; 30 percent went to the newly-developing countries under special Government programs. These agricultural exports were one-fourth of our country's total exports.

Exports are just as important to American agriculture as they are to American industry. In recent years exports have accounted for 8 percent of output in the non-agricultural part of our economy, while in agriculture they have accounted for about 13 percent of farm marketing income.

The output of 60 million acres of U. S. cropland is moving to foreign consumers. This is more than 8 times the total harvested cropland of California. One acre of every six harvested in the United States is producing for export.

For some of our agricultural commodities, exports are especially important. We export half or more of our production of wheat, rice, and cotton; two-fifths of our soybeans and tallow; one-third of our tobacco, hops, and flaxseed; and large amounts of vegetable oils, feed grains, lard, poultry, variety meats, hides and skins, and fruits and vegetables.

We are the world's largest exporter of agricultural products, and in this great process you cooperatives and your members are playing an important role -- grains, oilseeds, cotton, fruits, poultry, dairy, and others. Some cooperatives are outstandingly active and progressive in their efforts to build foreign markets; some others are less so. All of your organizations, regardless of present activity, have unlimited opportunity to become real pace-setters for your industry. I hope you will do so.

I will not try to do a thorough review of co-op export activity, but I did pick up a few samples that interested me.

One of these concerns wheat. We are enjoying record exports of wheat but our actual foreign dollar sales of wheat are small, only 30 percent of the total. The other 70 percent moves mainly to underdeveloped countries under Government-financed programs. And this part, although extremely useful to recipients, cannot be classified as hard commercial sales. As a nation, we have a real problem of maintaining and increasing this 30 percent of our wheat exports that represents dollar sales in the commercial market. If we are going to meet competition and sell more wheat commercially, we need to put more emphasis on quality and we need to make it possible for the foreign buyer to obtain wheat that meets his specified requirements. I am glad to say that some of your cooperative membership has shown that it is possible to supply export grain according to specifications. This is pioneering that is important.

Cotton is another major export commodity that is well suited to cooperative merchandising. A number of farmer cooperative associations in the South, Southwest, and California are in the cotton exporting business. One of the outstanding cooperative associations has offices here in Bakersfield. Such organizations help to give American farmers an effective voice in the world market and perform a real merchandising service.

Your fruit people, of course, are old hands in the export business. I noticed that an apple growers association in Oregon exported nearly half of its 1960 pack. One of your big cooperatives here in California did over \$13 million export business in citrus. From Florida I've noticed equal enthusiasm for exports, with particular emphasis on the growing export market for juices and concentrates.

Your poultry cooperatives have hung up an outstanding record by helping to build the big boom in poultry exports, particularly to parts of Western Europe. A few years ago our poultry exports were practically nothing; this past year they were more than 225 million pounds. This is a real success story.

All of you people who manage, who operate, who influence the agricultural cooperatives of America have unlimited opportunities in the export fields of the future. I hope you will seize upon them.

Through exports you have opportunity to strengthen your organizations, add to your members' incomes, increase outlets for our dynamic agriculture, and perform a real service of helping to feed and clothe the world's people.

In support of this process, you have opportunity to help create the kind of national policies and programs that build foreign markets. You have opportunity to help make sure that what we do here at home is in support of, not damaging to, our export interests.

Foreign trade is one of the great challenges of our times. Long ago we gave up the idea that any nation can live unto itself. Any nation, whether the United States, those of Western Europe, or any other, can raise its living standards only to the extent that it can participate successfully in world trade.

I have tried here today to give you at least a glimpse of some of the current problems -- and opportunities -- that lie before us. Those of us who work in the area of foreign agricultural trade need your guidance and your participation in trying to meet them. From all I know of your fine organization, I am confident that we will continue to get your invaluable support far into the future.

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PROSPECTS FOR THE FIG INDUSTRY

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JAN 31 1962
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Address by Assistant Secretary of Agriculture John P. Duncan, Jr. at the annual meeting of the California Fig Institute, Fresno, California, January 17, 1962, at 12 Noon (PST).

I am most happy to be here today and to address a group of growers who do not have a surplus problem.

Of course I know that you do have other problems and that they are serious -- but I would like to pay tribute to you for your progressive programs and your efforts to solve your own problems.

This group, I understand, was really a pioneer in the recognition of the value of production and marketing research. You were among the first to see the advantages of grades and the need to restrict marketing of defective figs. You have made use of marketing orders to promote your high quality product and keep culls off the market.

You have formed cooperatives to better your marketing position and you have experimented with mechanical harvesters in an effort to cut down on marketing costs. You have, in short, sought out and employed improvements in growing, harvesting, and marketing techniques whenever possible, and this reflects much credit to your industry.

Over the years, Fig Institute scientists and those employed by the U. S. Department of Agriculture have worked together to solve many problems connected with fig growing and marketing.

Our two marketing research laboratories here in Fresno recently reported on projects that should be of considerable help. One, a

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survey on the quality of dried fruit at retail outlets -- just off the press -- should provide some useful clues toward maintaining quality through marketing channels.

And the work on controlling the vinegar fly should have far-reaching effects. As a result of this project, our whole concept of how to deal with this troublesome pest has been changed.

Using one of the latest research tools, radio-active isotopes, marketing research and Fig Institute scientists discovered that the range of the vinegar fly is far greater than was previously supposed. So now we know we can no longer consider control as a matter for individual action in a strictly limited spot. We know that, while individual action is still important, the overall approach to the problem must be cooperative and on a community basis.

But while we are winning some battles with physical problems, the economic problems of the fig grower -- like those of so many other agricultural producers -- continue to challenge solution.

Along with all segments of our agriculture and our industry, the fig grower today faces the challenge of a changing market structure not only at home but throughout the world.

The world is growing smaller -- through better transportation, better communication, and through inter-dependency. Even here, in one of the wealthiest countries in the world, we can no longer say we are self-sufficient. The "one world" that seemed far-fetched a couple of decades ago is already a reality. What happens in Berlin, or in India, has impact upon us here.

The United States is growing more dependent on international trade. Its importance to agriculture can be better understood when we realize that farm production moving annually in foreign trade amounts to 13 percent of total cash receipts from farm marketings, as compared to only 8 percent of the nation's industrial output.

As residents of one of the most productive farming areas in the world, you are affected by our foreign trade policies as they relate both to exports and imports. You hardly need be reminded that trade is a two-way street -- that we cannot afford to fall into the trap of thinking that exports are automatically good and that imports are automatically bad.

No doubt you have been following in the newspapers the negotiations now going on between the Common Market countries of Europe in regard to their farm price policies. This is a matter of great concern to all of us in

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agriculture. In 1960 our farm exports to the Common Market countries -- Belgium, France, Germany, Italy, Luxembourg, and the Netherlands -- had a value of \$1.1 billion. And if present plans materialize, this trading community could eventually include countries that are now aggregate customers for well over \$2 billion of our farm products.

We are also concerned with the Common Market because we have some particular problems in dealing with it. For certain commodities, particularly livestock and grain products, their proposals have appeared to us to be protectionist. For most of these items they are proposing a system of variable levies which could have the effect of insulating their producers from the effects of outside competition. This could result in reductions in our trade in the years ahead.

Secretary Freeman and other Administration spokesmen have met repeatedly with representatives of the Common Market to express this country's deep concern with these matters. They have made it clear that they view certain of the proposed agricultural policies as restrictionist and have insisted on our continued access to our historic markets.

The outcome of our negotiations with the Common Market countries is hard to predict -- but this much is sure: we must prepare ourselves to deal with a new way of international economic life. We are going to need new, more liberal, more flexible, and broader trade policies.

A trade policy adequate to deal with a large number of small states is no longer adequate to deal with a new Western Europe -- one that is well on its way, in its internal trade relations, to becoming a United States of Europe -- one that presents a solid economic front to the rest of the world -- one that must be dealt with as a single bloc.

Of course the idea of a new trade policy for the United States immediately raises the question in your minds as to how it will affect your industry. This is only natural.

At this point, there is no way of giving you a precise answer. The policies are still being worked out -- no legislative proposals have yet been made. To speculate on possible effects on specific duties would be rather pointless.

Nevertheless, I do think there is point in speculating about the possible overall effect of liberalized trade between the free nations of the world. We have already seen the six present Common Market countries become the world's fastest-growing economic area. Expansion of this trading area surely will provide stimulus to further economic growth -- increase in consumer purchasing power and rising standards of living.

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Moreover, such a movement toward greater unity, greater strength in the free world, could enable us to create a more powerful bloc for peace than the Communist bloc which intends to bury us. With greater economic strength and political cohesion among the free nations, we could supersede the cold war -- which has fed on weakness and disunity.

This, too, could have an effect on the fig industry. Liberalized trade in agricultural products among West European countries, together with their increasing prosperity, could increase European consumption and demand for European-grown figs. This would have the effect of strengthening their prices both at home and for the product they export -- and this could be of benefit to your industry.

But your directors are not waiting for these hoped-for eventualities to materialize. They are planning now -- and the Department of Agriculture is assisting them -- to meet this spring with European fig growers and discuss mutual problems. Surely this is a step in the right direction toward international understanding and cooperation.

And as I said at the outset, you are certainly to be commended for such efforts. This does not mean, however, that the Department of Agriculture will not continue to devote its attention to your problems.

It is true that as farm crops go, fig production is a relatively small scale operation -- but it is important, nonetheless. And it is a part of the fruit complex that, together with nuts, has an annual value of well over a billion and a half dollars.

But as producers of a rather unique product, you do face some special problems. Not only do you have to contend with competition from imports -- competition from other domestic fruits -- both fresh and processed -- is probably even more rigorous.

This battle to stay competitive with other foods -- and for that matter with other fibers -- is one that practically all farmers today are fighting. The American consumer today is blessed with a fantastic variety and abundance of foods -- and there is scarcely one that can be said to be indispensable -- that could not easily be replaced by another.

And so most growers now are looking not only for ways to strengthen their prices, but also for ways to strengthen their marketing position.

They have become, I believe, much more market-oriented. They are making use of all available market research to cut marketing costs and get a better quality product to the consumer. They are seeking out what it is

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that the consumer wants -- and attempting to meet these desires, whether it is for improved quality, better packaging, new forms of products, or whatever. And they are engaging in product development and research and market expansion activities as never before. You have only to look at the frozen orange juice concentrate industry to see an outstanding example of such activities.

Also I believe that growers are becoming more aware of and are making better use of Government services available to them. Many of these have been available for many, many years -- but we certainly are seeing an increasing interest in marketing agreements and orders, in enforcement of regulatory laws like the Perishable Agricultural Commodities Act, and in such old-line services as market news and Federal-State inspection and grading services.

All of these services are performed, of course, in the interest of the general public as well as in the interest of farmers. But they certainly do offer some special advantages to farmers -- and they are equally available to all -- whether he be fig grower or wheat grower.

In the Department of Agriculture we are now engaged in improving and strengthening these services -- to keep them attuned to the times so that they will continue to be of the most use possible in meeting the challenges of today's changing market structure.

We recognize the problems that exist -- both the large and the small. And we know that the only way to move ahead is to face them -- as you are doing -- and then seek all possible avenues to find the best means of meeting them.

Certainly we do live in an era of rapid change -- of great challenges -- and of a need for great responses. But I am confident that American private enterprise and Government, working together, will rise to the occasion today just as they have always done in the past.

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I welcome this opportunity to attend the annual convention of the American Cattlemen's Association and to represent Secretary of Agriculture Orville L. Freeman. He deeply regrets that he is unable to be with you, but at the last moment he was tied to his desk by the demands of final preparations on a most important and significant piece of farm legislation.

However, I especially am grateful for the chance to speak to you today because I know the Secretary had wanted to discuss a number of serious questions about agriculture with you who represent an important segment of the agricultural economy. Let me at the outset say that I have come to make no appeal on the basis of a special interest to you as livestock producers. Rather I have come to talk to you as members of the broad agricultural community of our nation.

The decade of the 1960's will be more important to agriculture than perhaps any similar span of time in the nation's history. We -- you and me and all Americans -- will be called upon to develop policies and programs for agriculture to meet the challenge which the developments of the 1950's and the preceding decades have molded into one of the most amazing revolutions of all time.

During the past 10 years, we have witnessed an agricultural revolution in which the productive success of the family farm has eliminated the challenge of scarcity with which we have long struggled -- and with which two-thirds of the people of the world still struggle.

But it has left us with the crisis of abundance -- of enough food and fiber to adequately fill the needs of every man, woman and child in this country with sufficient to spare to meet the needs of millions of people

Address by John P. Duncan, Jr., Assistant Secretary of Agriculture, before the American National Cattlemen's Association, Tampa, Fla., Friday, January 26, 1962, 2 p.m., local time.

elsewhere in the world. This is an enormous accomplishment on the part of the American farmer, and it provides this nation with a power which no other nation today possesses -- the power to banish the specter of famine and hunger.

The challenge which all of us who are concerned with the future structure of agriculture now face can be stated very simply:

What measures can be taken, or should be taken, to strengthen those parts of agriculture and the rural economy which have made possible the overwhelming abundance of food and fiber -- while at the same time correcting the weaknesses which scientific and technological change have caused in the social and economic fabric of rural America?

There is not time at this occasion to deal with all the interrelated facets of this question, but I would like to discuss with you the single most important element of our agricultural economy -- the family farm.

I wish to state as emphatically as I know how that this administration is firmly committed to the concept of the family farm, just as it is as firmly opposed to any program which does not provide equal opportunity for economic advancement in rural America.

This commitment is not based on a sentimental attachment, but on the cold, hard fact that the family owned and operated system of agriculture as it has been perfected in this country is unquestionably the most productive system for meeting the food and fiber needs of any people.

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I believe that the farmers of the United States deserve, and can attain, both freedom and economic security. It is in the interest of the entire nation that we attain this goal. And it is the determination of this administration and the responsibility of the Secretary of Agriculture to work toward this goal.

Many people have questioned why the farmers of the United States deserve this kind of opportunity. You have all heard the question in one form or another. It goes something like this: "Do you think the government owes the farmers a living, or a guaranteed income, or price supports, or economic security?"

Obviously, the answer is no. But it owes to the farmer what it owes to every American -- the condition under which he has an opportunity to earn a fair income.

Let me explain.

First, I believe that equality of economic opportunity is an integral part of our ideals of democratic government and our principles of free enterprise. All individuals who perform services and produce goods that are essential to society (and certainly nothing is more essential than the products of our farms) have a right to expect the opportunity to gain a reward for their efforts that is commensurate with that earned by others exerting a comparable effort.

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Farmers, like those engaged in other forms of enterprise, have a right to expect this equality of opportunity. And if that opportunity does not exist -- and the facts and figures show that it does not exist today -- then it is the function of government to insure the conditions under which it will prevail.

One further point. One of the basic features of our free enterprise economy has been the concept of a fair reward for efficiency and progress. But this feature is notably absent in regard to agriculture.

No other major segment of our economy has made as rapid strides forward in efficiency and productivity as has agriculture. Output per man-hour in agricultural increased more than three times as fast as in non-agricultural industries during the 1950's. One hour of farm labor produces four times as much food and other crops as it did in 1920. One farm worker today produces enough food for himself and 25 others.

As you are well aware, benefits from the great advance in the productivity of the American farm have accrued to all the consumers of this nation, and to millions of hungry people in the rest of the world. And the only ones who have not benefited are those responsible for this advance -- the farmers of this nation.

Farm income dropped during the decade of the 1950's -- that same decade in which other incomes increased, and in which the productivity of the farm worker was increasing by 6-1/2 percent a year while the productivity of the non-farm worker increased by 2 percent. You know that the per capita

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income on the farm is less than half the national average. And you know that the earnings of an efficient farmer have been around 82¢ an hour, a pitifully low reward for his labor and management ability!

So I come back to the question I raised earlier. And the answer must be that this nation owes to its farmers -- not a fair income, or a guaranteed income -- but it owes to them conditions under which they have an opportunity to earn that kind of an income to which their industry and ability entitles them. That is the only answer that is consistent with our American ideals.

And I would go further than that. This nation owes -- not only to its farmers, but to its future and to the generations that are to come -- the kind of program that will restore and maintain all the finest values of the American agricultural economy -- an economy based on the family farm.

Perhaps it is in order for me to define that we mean by a family farm economy, and why we think it is important.

It seems that it is very hard to define a "family farm." Support of the family farm often has been criticized as the support of an outdated institution. There is obviously a wide area of public misunderstanding as to the meaning of a "family farm."

But I know what we mean by the family farm, and I think many of you do too.

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It cannot be definite either in terms of acres or investment. The reason for this is obvious, because mechanization -- the technological revolution in agriculture -- has constantly increased the size of the efficient farm unit that can be operated by one family. And because conditions vary so widely among different parts of the country and with regard to different crops, size is not a criterion for the "family farm."

To me, the family farm is a unit of agricultural production characterized by the fact that the owner or operator who manages the farm is the farmer himself, and the farmer himself has the incentive to do a good job because he will be rewarded accordingly. Of course, he may hire some labor. But the family farm is distinct from a huge corporate farm operating entirely by hired labor. It is different from a state-owned collective farm. Its distinguishing feature is the incentive and enterprise that comes with individual ownership.

It is this feature of the family farm economy that has made it the world's most productive agriculture, in part because the farmer himself stands to gain by better seed and fertilizer, by better farming practices; in part because his incentive makes it unnecessary for a foreman to check on his hours of work.

The family farm also represents the best social and cultural values of rural life. It is the only bulwark supporting our towns and villages. It remains one of the greatest strongholds of individual enterprise in our nation. I do not regard these features as of sentimental value only. They are a part of the American way of life.

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Furthermore, I am convinced that, while mechanization has changed the size and nature of operations of the family farm, its basic concept remains the same. The family farm economy has proved its superiority by developing the world's most efficient and productive agriculture.

And in this dynamic world where change is a constant companion, the success of American agriculture has given us a distinct advantage over the forces of Communism. In a world where food on the table has more meaning than missiles in the sky, food and the ability to produce it is power.

The family farm system of agriculture has given the people of the United States an enormously powerful instrument which we, as yet, have never fully utilized. To the millions of people in the world who strive for enough food each day in order to survive until the next day, it can be the symbol of how they may achieve a better life.

It is the concept of the family farm which can help bridge the enormous gap of understanding between our nation with its enormous material resources and those people who are struggling to emerge from poverty and human misery.

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I am sure you can appreciate that this is one of the most potent forces which can move the minds of people. Combine this with the obvious contrast between the production records of the Communist systems and those of our family farms, and you have a devastating instrument which cannot be matched.

Let us look for a moment at the agricultural situation on Mainland China where the Communists have in the past claimed to have unlocked the secret of abundance in their own manner through the commune system.

For three successive years, agriculture has suffered reverses. The situation is so bad that the Chinese Communists have imposed a virtual news blackout on any meaningful information.

All signs point to an extremely hard period ahead with the food crisis reaching a peak this winter and early spring. Observers who have been in China indicate that while food supplies are scarce and are being rationed, there is no indication of famine.

But the rulers will have to cope with food shortages and unrest, while their drive for industrial development has been seriously curtailed because of the need to divert foreign exchange for food rather than industrial equipment and raw material.

The communes, on which the Communists placed almost total emphasis in 1958, have now been reorganized almost beyond recognition. By overturning the social and economic structure of their agriculture, the Chinese rulers succeeded only in wrecking the farming economy and in losing the support of the farmers.

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Thus, while the Communists have officially laid their problem at the feet of the weather, it is obvious that there is more at fault. And I am sure that the lesson of this failure is not being lost on other nations.

Thus, I believe that on the basis of cold economics and the realities of the world in which we live, the family farm system of agriculture can out-compete any other system of growing food and fiber.

But it can do this only if it is provided with the tools necessary to insure the opportunity for the family farmer to earn a fair reward. It is our responsibility to insure this opportunity.

This administration is in the process of developing the policies and programs which will provide the farmer with the opportunity which each of us here believes he deserves.

In the past year, through President Kennedy's leadership, we have seen a reversal of the downward trend in farm income, and an increase in net farm income of over a billion dollars over that of last year. The feed grain program, as an emergency measure, has been successful in accomplishing the goals of higher farm income together with a reduction in the amount of corn and grain sorghum held in government stocks.

It might be of particular interest to you to know that the Department at this time has repaid over half of the cost of this program through the sale of certificate feed grains which the Congress authorized us to sell for the farmers participating in the program. This has been done without depressing market prices below the previous year levels.

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We also have substantially increased the distribution of food to those who need it at home, and we have expanded and improved programs for utilizing our agricultural abundance to relieve suffering and to promote economic development and freedom abroad.

The President, as he announced in his State of the Union address, will shortly propose a new farm program which will, for the first time, present a complete and integrated series of proposals to insure maximum use of our food abundance, to promote the maximum use of resources in our rural economy and to develop realistic programs to bring a better balance between production of certain commodities and our commercial and concessional outlets.

The basic element of the program, however, is the recognition that for the foreseeable future -- at least over the next 10 years -- we are challenged by the ability of agriculture to produce substantially more food and fiber than we can effectively use.

This is the cold reality we must face. Secretary Freeman has said that every knowledgeable person with whom he has spoken over the past month -- including Congressmen and Senators from both political parties -- agree with this conclusion. It means that the United States will continue to accumulate substantial supplies of food and fiber unless a well coordinated program to balance supply with effective commercial and concessional demand is developed.

But in the current debate over the direction which farm policy should take, the clear voice of cooperative leadership is needed....even at the risk of charges of partisanship.

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Cooperatives cannot afford to sit on the sidelines. They must help shape the policy which not only will affect farm income and farm prospects of their members, but the whole posture of the United States in relation to a troubled and hungry world.

If we are to strengthen the agricultural economy of this nation and to increase the opportunity for economic advancement in rural areas, then we shall need the active voice of all who share an interest in the direction of agriculture in the 1960's.

Cooperatives have given much in the past to agriculture, and they now have the opportunity today to give much more.

There is another alternative which all of you have heard proposed at various times. It would be to pull all stops on all commodities -- to produce all the farmer can produce and to remove all programs from the farm economy.

Under such a policy, the farmer would engage in a frenzied race to maintain higher and higher production at lower and lower prices.

Under such a policy, the results would be both quick and devastating. Four independent studies by Universities and Congressional committees all show the very same thing:

Farm prices and income would fall quickly and sharply if current farm price supports and production programs were dropped and a policy of "no programs" were put into effect. The result would be a farm depression that would not only hit producers of supported crops -- it would seriously affect producers of poultry and livestock.

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And make no mistake about it -- it would have a severe effect on business people who serve rural areas.

We could expect a general decline in commodity prices, over the long run, of almost one-third. Net farm income would drop even more.

Many people assume that the non-supported commodities such as livestock and poultry would not be hurt -- or that they might actually benefit. The truth is that our livestock-poultry-feed grain complex is so intertwined that the non-supported commodities would also be hurt, and hurt severely.

As a matter of fact, the weighted average price decline is no less than 24 percent for the six livestock commodities covered in these studies.

The cold fact is that all of agriculture would be forced through an economic wringer, causing such a permanent transformation that it would be unrecognizable by any present day standards.

I doubt if you want the kind of agriculture which would result, nor do I believe any person would consciously advocate this kind of treatment if the consequences of such policies were fully understood.

I believe we can achieve progress and equality for agriculture under President Kennedy's leadership -- progress without abdicating our obligations to taxpayers for realistic programs that are fiscally responsible, or without making farmers run the bankruptcy gauntlet.

All of you hold the future of agriculture in your hand. It will be what you make it. But the shape of it will be cast by the choice you make today. At this crossroad, I urge each of you to weigh that decision carefully.

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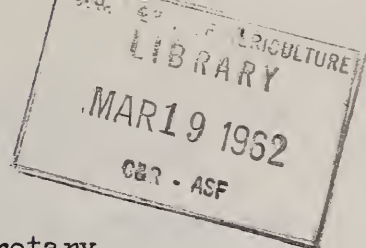
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UNITED STATES DEPARTMENT OF AGRICULTURE
Washington 25, D. C.

FOREIGN TRADE AND AMERICAN FARMERS



Remarks by John P. Duncan, Jr., Assistant Secretary
for Marketing and Stabilization, at Annual State
Convention of Nebraska Farmers Union, Grand Island,
Nebraska, February 28, 1962

Thank you for your very kind invitation to appear on this program. You have an alert, progressive organization, and you have a positive approach toward helping meet the agricultural problems of the day. It is an honor to be able to meet with you.

Secretary Freeman had hoped that it might be possible for him to attend this conference and he was disappointed that he was unable to do so. He has asked me to extend his personal best wishes. This is a busy time in Washington. The Secretary is meeting daily with Congressional committees and individual Congressmen in the interests of the Administration's farm bill and the foreign trade legislative proposals. This is a critical period and the Secretary is giving full time and attention to it.

We have gone through a period of eight years in which the American public was told that the way to solve the farm problem was to do as little as possible about it. It was conveniently forgotten that all our great leaders have used the powers of government and have used them extensively when they thought it was necessary to do so. A long list of Presidents -- I might name Jefferson, Lincoln, Teddy Roosevelt, Franklin Roosevelt, Harry Truman, and President Kennedy, among them -- have never hesitated to make the services of government available to people in helping them solve serious and difficult problems.

Our citizens need to be reminded constantly of the basic fact that in our country, government is the servant of the people and it exists to help people. Instead of shying away from government as though it were something bad, American people need to remember that it is their government, that it exists only to be of service, and that they should use their government and give it guidance so it can help effectively in meeting major problems.

The proposed Food and Agriculture Act of 1962 is conceived in the light of government rendering public service. It provides a way for farmers, together, to meet the serious management problems which they, as individuals, cannot possibly meet.

The President's recommendations to the Congress are designed to help American farmers cope with several urgent management problems. Appropriately, this is called the A-B-C-D program -- "A" for abundance, "B" for balance, "C" for conservation, and "D" for development.

Let's take a look at each of these propositions.

First, abundance. No country matches us in producing abundantly. Our vast agricultural supplies help give us the highest living standard on the face of the earth, and they help to feed and clothe millions of people in other countries. Our program for the 1960's will provide continued abundance but aims also at making even more effective use of it, both at home and overseas.

Second, balance. Our agriculture has available over 450 million acres of cropland which could be planted, if needed. Looking five years ahead, however, we see need for production from some 330 million -- which is roughly one-fourth less than the acres that are available. In these 1960's our agriculture faces an old and tough problem: How do we shape production to the size of the market? And how do we make sure that under supply management, the efficient family farmer earns a fair return?

The new farm bill faces up squarely to the obvious need for a balancing of these forces in agriculture.

Third, conservation. When we project expected domestic and foreign demand for our food and fiber as far ahead as 1980, we find that even with great expansions in population we still will have as much as 50 million acres of excess cropland. How can we make effective use of these acres not needed now for crops? How can we safeguard them for the future? In the new farm bill we propose a much more active use of conservation approaches than we have ever known before. There is great opportunity to shift unneeded acres to recreational and wildlife use, to watershed conservation projects, and to grassland and forestry, particularly where returns are marginal and erosion is a problem. This is an approach that is mature, it is practical, and it needs to be undertaken with positive vigor.

Fourth, development. Along with programs to get the best use out of land must go programs to give better opportunities to the 54 million people who live in rural areas. While one-third of our Nation's people live in such areas, over half our poverty is found there. New economic opportunities must be created in rural communities, for both farm and non-farm people. Much is being done today to help these areas develop their potential but additional tools are needed. Greater economic activity, more jobs, more income, and better standards of living for rural people comprise one of the big challenges that we aim to meet in these 1960's.

These are the highlights of the proposed new farm legislation. No doubt many of you are especially interested in its wheat and feed grain proposals. As President Kennedy said in his farm message to the Congress, these are among the commonsense goals this Administration seeks. If there is opportunity after this meeting, I will be glad to discuss these proposals in some detail, if you wish.

When your president invited me to meet with you, he specifically asked that I discuss one particular aspect of our Food and Agriculture Program of the 1960's, and this is the matter of putting our abundance to work through foreign trade. I am especially glad to discuss this subject. During the past year I had special responsibility for the Department's activities in the foreign trade area, and I found it to be a most challenging assignment.

Foreign trade has come to be one of the big outlets for many of our farm commodities. The output of 60 million acres of U. S. cropland is moving to foreign consumers. This is more than three times the total harvested acreage of Nebraska. One acre of every six harvested in the U. S. is producing for export.

For wheat growers, exports are especially important. We are exporting half or more of our production of wheat, rice, and cotton; two-fifths of our soybeans and tallow; one-third of our tobacco and flaxseed; and large amounts of vegetable oils, feed grains, lard, poultry, variety meats, hides and skins, and fruits and vegetables.

Trade, of course, is a two-way proposition. We import as well as export. I don't want to overwhelm you with statistics but I would like to show that American farmers are coming out far ahead in two-way agricultural trade.

We sometimes hear people say we're hurting our agriculture by importing too many agricultural products. Let's take a look at the record.

Since 1934 we've been carrying out a big share of our international trade under the Reciprocal Trade Agreements Act. Under this Act, countries in effect say to one another, "We'll let your products enter our markets if you let our products enter your markets." Since 1934 American agriculture has sold other countries, for dollars, a total of \$45 billion worth of farm products. During these years, we have imported \$25 billion worth that was directly or indirectly competitive.

Last year, we exported \$5 billion worth of farm products, of which \$3.4 billion were sold for dollars. Our competitive agricultural imports came to \$1.8 billion.

Let's bring it down closer. Last year, Nebraska's share of our Nation's agricultural exports came to an estimated \$177 million. Your biggest export items were grains and livestock products. Your share of competitive agricultural imports came to an estimated \$73 million. In other words, through foreign trade, Nebraska farmers found net additional outlets for at least \$100 million worth of their production. And the value of farm products exported from Nebraska was nearly $2\frac{1}{2}$ times the value of competing farm products imported.

American farmers are the world's biggest exporters of farm products and they benefit greatly from this operation. As the world's population grows and as countries continue to become more prosperous, there will be expanding need overseas for our farm products. A lot is being done to reach these growing markets. For example, the Department -- through our Foreign Agricultural Service -- has cooperative market development projects going on with some 40 active U. S. cooperators in 55 countries. Great Plains Wheat, Inc., with which many of you are affiliated, is one of our outstanding cooperators in this foreign market promotion work.

But promotion work, no matter how well done, is ineffective if a foreign country denies access or gives only partial access to our products. This problem of gaining and maintaining access to foreign markets is a serious one that is bound to affect our exports of the future. It is one of the most critical export problems that faces us now.

It is because of the need to meet this problem that every one of us should become thoroughly acquainted with the President's proposed trade program, the Trade Expansion Act of 1962. This act is designed to help American agriculture get foreign trade barriers lowered and get more of its products placed before the world's consumers.

Our most urgent concern over access to foreign markets is caused by the recent emergence of the Common Market in Europe. I know that you are acquainted with this development but it bears repeating because of its importance.

The European Common Market up to now has been our best agricultural customer. It is made up of 6 countries -- France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. Some more countries are negotiating to join or affiliate, including the United Kingdom.

Common Market countries are buying \$1.1 billion worth of our farm products yearly -- a third of our cash export market. As additional countries join or affiliate, eventually they may represent the market for two-thirds of our farm exports sold for dollars.

The Common Market got started in 1957 when these countries agreed to begin taking down the trade walls that have separated them for centuries. In a few years, products, capital, and workers will be moving from one Common Market country to another as freely as they do now between Nebraska and Iowa.

This is a good development. These Western European countries are small and they need to work closely with one another. The artificial barriers between them have been the source of suspicions and wars, they have throttled business, and they have impeded general advancement. They had, eventually, to come down.

We helped to set the precedent for European countries to let down their mutual barriers when we adopted our own Constitution 175 years ago. The drafters of that great document, as you recall, wisely wrote into Article I the provision that commerce was to flow freely between our various States. This, in effect, set up a customs union of our own, and it as much as anything in our history has led to our own growth and development.

As we view this new United States of Europe, however, we have to do so with mixed feelings. On the one hand, it is vigorous and healthy, and it can be an even more effective partner than before in helping to defend and strengthen the Free World. On the other hand, we are concerned about its agricultural programs. The Common Market countries, collectively, aim to protect their own farmers from outside competition, just as the individual member countries, to one degree or another, do now. The net effect of this combination may be a higher level of protection than existed before. Thus, the prospects for maintaining our present level of exports for several important commodities are seriously challenged.

As the Common Market moves toward greater agricultural self-sufficiency, in a few years we may find it especially difficult to sell our grains and poultry to the area. A wide range of our export products also could be affected, including wheat, feed grains, rice, tobacco, animal products, fats and oils, poultry, and certain fruits.

What we need from the Common Market countries is assurance that we can continue to sell them a wide variety and large volume of farm products, as we are now doing, and assurance that as they become increasingly prosperous, we can sell in their expanding market.

So far, in our negotiations, we have not obtained the assurances we seek. At least, however, the way has been kept open for continued negotiations. This is a hopeful sign.

The outlook is not entirely gloomy. For some commodities we expect our exports to expand as the Common Market continues its economic growth. This group of commodities represents annual exports to the area of \$600-\$700 million, and they include cotton, soybeans, hides and skins, and tallow, among others.

As we negotiate with the Common Market, we need to be able to offer concessions and get concessions in return. The Common Market countries are highly industrialized and they want to sell their industrial products here in the United States. We want to sell our agricultural products to them. We have something to trade with one another but our immediate problem is how do we negotiate successfully under existing trade agreements legislation. The existing Trade Agreements Act does not meet current needs. This Act expires on June 30. It has served its purpose well but it does not fill the bill in view of new developments such as the European Common Market. The President's proposed new trade program -- the Trade Expansion Act of 1962 -- is designed to provide flexibility and greater strength at the bargaining table, and this in turn will help us to hold and expand our foreign markets.

I would like to leave these three thoughts with you:

First, the export market is highly important to all farmers. It provides an outlet for your production, it provides income, it broadens the contribution you are making to help feed and clothe the world's people.

Second, farmers have benefited from our Nation's trade policies that have been in effect since 1934. Our exports of farm products have increased remarkably.

Third, a new foreign trade program is needed today to meet changing conditions such as maintaining access to the European Common Market. Farmers have much at stake in this program. Your understanding and your help is needed.

I would like to conclude with this final observation. In a by-gone age, people spoke of the Seven Wonders of the World -- the pyramids of Egypt, the Hanging Gardens of Babylon, and so on. These wonders have been replaced in this Twentieth Century by a new series of wonders. One of these, of course, is our spectacular advancement in space, as exemplified so brilliantly last week by our astronaut, John Glenn. Less spectacular, but ranking right alongside of such achievements, are the tremendously impressive advancements that you farmers continue to make in your production. American agriculture today is truly one of the great wonders of the world. It can truthfully be said that nowhere before have so few produced so much for so many.

With progress goes responsibility. I commend you for the intelligent and responsible approaches that you are taking toward meeting the problems of agriculture.

Thank you again for asking me to meet with you.

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The Effect of the Diet on the Blood Sugar in Diabetes Mellitus
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Address by John P. Duncan, Jr., Assistant Secretary for Marketing and Stabilization, before the Watermelon Growers and Distributors Association, Jacksonville, Florida, March 5, 1963 (11 a.m.)

Since I'm an old watermelon grower myself, it's a real pleasure for me to be here this morning with all of you. This seems like a particularly appropriate time for your meeting, since the first melons of the year will probably be ready for market in just a few weeks, and then will move north with the warm weather.

I can remember the anticipation I always felt as the watermelon harvest approached. Once the seeds were in the ground and growing, I would look forward to the marketing season, and hope that it would be a good one. Sometimes the marketing season was a good one. Sometimes it was not. Of course, I never knew beforehand, which it would be.

That's one problem that the watermelon industry shares with the rest of agriculture. Farmers never know whether they'll have a good marketing season, because farmers have practically no control over the markets on which they depend for a living. Each crop is supplied to the market by many growers, and nobody handles a big enough percentage of the crop to move prices up or down by himself. So the farmer sells his crops on a buyer's market.

Other major industries in our economy use their control over supply to create a workable relationship between supply and demand in the market -- and so receive a fair return. The oil industry is one example of this, as are the steel industry, the automobile industry, and the chemical industry.

Agriculture has never been able to do this. And so the farmer, since the dawn of time, has had to take what he could get for what he produced.

And that's the situation as it is today. The farmer lacks real muscle in the marketplace -- muscle which the rest of our highly-organized society has

and uses -- to the farmers' loss.

When this Administration came into office in January, 1961, the situation confronting American farmers was alarming. Farm income was low -- and it appeared likely to fall still lower. There were huge surpluses of wheat and feed grains on hand -- and they were likely to grow still larger. Costs of the farm program were high -- it seemed inevitable they would become still higher. The outlook was grim. It was no time for negative policies. Something positive had to be done.

As we viewed the situation early in 1961 there was a definite need for supply-management programs for some commodities to bring supplies into line with demand. This supply-management means producing what the market will take -- just as all the other major industries in our economy gear their production to the demand for their products.

How has the supply-management philosophy worked? I think we have some positive results to report.

Using 1960 as a starting point, gross farm income has increased \$2 billion in 1961. It rose again in 1962 by \$2.7 billion over 1960. Net farm income has increased 1.1 billion and 1.2 billion over 1960. Per capita farm income has now risen to 60 percent of that of nonfarm persons. It is still below what it should be, but it is rising.

We are making progress.

We are also trying to increase the standard of living in rural America. One of the major efforts of the Department over the past two years has been directed toward building vigorous rural development organizations in rural counties throughout the country -- and working to obtain new legislative authority to carry out our goal of

revitalizing rural communities. Many tools have now been provided for creating new economic opportunity in rural communities.

It is also clear, as I stand here this morning, that the huge stocks of feed grains and wheat are being cut down. We have every reason to hope that the reserves of these commodities will be reduced to the levels needed for stabilization and security by the mid years of the 1960's.

CCC holdings of wheat and feed grains were 1.077 billion bushels less on February 15, 1963, than the peak quantities held in 1961 before the new program was effective. And total stocks at the end of the 1963 marketing year will be 2,509 million bushels less than they would have been if the pre 1961 programs had been allowed to continue.

The fact that the CCC does not now own the 1.077 billion bushels of grain it formerly owned is now saving the Government \$770,000 each day in carrying charges -- \$280 million a year.

The 1964 budget includes \$246 million less for carrying charges on these grains than was spent in fiscal 1961, and \$813 million -- or \$2.2 million a day -- less than the annual rate that would have occurred by 1964 if the pre-1951 programs had been allowed to continue.

These and other figures show that the new programs designed to eliminate the costly and unnecessary surpluses of wheat and feed grains, that had climbed to record levels in 1961, are working.

We have been accused of wanting to control and dictate to American farmers. Speaking as a farmer, I can say this is ridiculous. This Administration wants agriculture to operate under as few controls as possible -- and where it is practicable, under no controls whatsoever.

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But the plain facts are that some crops, over the years, have been produced in excess of our ability to market them. This has resulted in a huge buildup of these commodities, especially feed grains and wheat.

Massive surpluses have hung over the market, driving prices down with painful consequences for our farm people. At the same time, these surpluses have laid an increasingly heavy burden on taxpayers, who are asked to foot the bill each year for handling, storage, and other charges.

Nor are these the only effects. By depressing farm income, the surpluses cut back agriculture's purchasing power. And this is felt not only in fewer jobs and lower income in rural America -- it is felt eventually on Wall Street and Fifth Avenue in New York, on State and Madison in Chicago, and on Main Street, USA.

Recently, we made a survey of what happened as a result of better farm income in 1961 and 1962. The results are impressive. Farm families are planning to buy more home appliances, automobiles and other consumer items in addition to farm equipment and material.

Deposits in country banks at the end of 1961 had increased by over 6 percent. The value of farm machinery shipments during the first 9 months of 1962 increased 8 percent over the like period in 1961, an indication of improved sales. Barron's Weekly surveyed conditions in the farm equipment industry last month and described 1961 and 1962 as Two Fat Years. If 1963 is good for farmers, the implement business will make 1963 the Third Fat Year.

Unemployment in the industrial centers where farm equipment makers are located has declined on the average to levels which are much lower than the current national figure. In these areas, the

rate of unemployment is about that which we would expect under conditions of full employment.

And during all this, food costs to the consumer have remained relatively stable..and in relation to income, food costs have declined to about 19 percent of the average family's spendable income ... lower than at any time in history.

This progress has come because of actions taken by the Congress in 1961 and 1962. We are beginning to face some hard facts realistically ... and because what has been done represents only a fraction of the progress we should make, there is a clear need to continue to be realistic....and to act accordingly.

Recent farm history has illustrated -- vividly -- that it isn't always enough simply to tell producers that there is a chronic surplus, and that production needs to be reduced. The individual producer, acting alone, often can't do much about reducing the surplus.

Here's what I mean.

Suppose the marketing seasons for two watermelon production areas overlap. The market suddenly has a big supply of watermelons, and prices take a sharp drop. The logical thing to do is cut back shipments until the markets have cleared.

You can't do this by yourself, though. No one individual handles enough of the supply to cause a price change by cutting his shipments. And you still have to feed your family. With the price lower, the only way for you to increase your income is to increase your shipments.

This is what often happens when prices break. Growers increase shipments because this is the only way they can increase their returns.

The market falls even more drastically, and the industry gets a lot less for a big crop than it would have received for a smaller crop.

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Other crops pose a similar problem.

Many commodity groups are working hard to solve this and other problems which confront them. And we feel it is the responsibility of the Government to help these farmers do together what they cannot do separately. Supply-management techniques are one set of tools that can be used for the job.

As a matter of fact, the watermelon industry has been using one of our supply-management techniques for many years -- the Acreage-Marketing Guides. As I said, the real essence of supply-management is bringing supply into line with demand -- and the acreage guides are prepared to help you with your production planning.

In most industries, production planning is the first basic step to success. Corporations call it market analysis, and they spend huge sums of money in figuring exactly how much of their product they can sell at reasonable prices. Then they produce that amount.

The acreage-marketing guides are just this same sort of market analysis, applied to melon and vegetable crops. Each melon guide is an analysis of the number of melons that consumers can be expected to buy during the coming season, based on careful studies of production, marketing and consumption.

I note that the 1963 guide for spring melons recommended 5 percent less acreage in Florida and plantings equal to 1962 in California. For early summer melons, the guide recommended the same acreage as last year, and for late summer watermelons the guide recommended a 10 percent cut in Missouri acreage and plantings equal to 1962 in other areas.

Supply-management can be just this simple in some cases. It can indicate when the market will take more, and you can increase production ... and it can indicate when the market is going to be

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oversatisfied, and production should be adjusted. It's that simple.

Our goal is an agriculture in which our land and water resources produce the right amounts of food and fiber to meet all our needs and bring fair prices. But we need to be realistic and recognize that in our complex society a perfect balance for all commodities will be a rare occurrence. I think we are going to continue to need commodity programs.

As far as the kinds of programs, we have only one standard: What will work?

This Administration has no dogma -- only the belief that the family farm system should be strengthened. It needs marketing muscle to compete. And our first preference in developing this muscle is to use self-help program wherever possible.

The best program for one industry may be planting guides. Another type of self-help program is cooperative organization, which allows farmers to join together to market what they produce and buy the equipment and material they need.

Marketing orders of various kinds are a self-help tool. They provide a very flexible framework within which farmers can work together to solve marketing problems that are too big for them to handle alone. The farmers themselves design the marketing order program and run it, with the Department of Agriculture sitting on the sidelines to guard the public's interest.

Then there are the national programs of various kinds -- either voluntary or mandatory, with or without acreage diversion payments or production payments. The exact forms of these programs depend on what will work, and what is acceptable in terms of public attitudes and taxpayer costs.

What does this mean for the watermelon industry? It means that we applaud your efforts to work out your problems yourselves. It means that we expect you to debate, analyze and express yourselves on matters affecting your industry as you have in the past. It means we are sympathetic toward your industry efforts to meet your own problems.

And finally it means that we will continue to provide services to assist you -- and that you will use them or not according to your own best judgment.

I'm sure you're all familiar with at least some of the other services USDA provides to the watermelon industry -- such as market news, the development of U. S. Grade Standards to facilitate long-distance trading, and the Federal-State Inspection Service. All of these services are provided by our Agricultural Marketing Service, and are widely used in the watermelon industry.

The Market News Service collects information and issues reports on market conditions, prices and movement of most commercially-grown fresh fruits, vegetables and melons. To do this, it maintains year-round offices in 23 of the largest terminal markets including the Atlanta market, and in 11 major shipping areas. Seasonal shipping point offices are also operated in 25 to 30 shipping areas during the active harvesting and marketing season.

As a matter of fact, the Marketing Service has been making a special effort to give the watermelon industry a more complete picture of the watermelon deal. In the last year or so, we've begun covering watermelon sales and shipments in three new areas. We're now issuing seasonal reports on the Eastern Shore deal from Suffolk, Virginia; on the Missouri production from Kennett; and on the southern Indiana

production area, with the report issued from Louisville. Of course, we're continuing to report watermelon shipments and receipts from our regular offices as well, to give you the information you need to market your melons effectively.

We've had to work fast sometimes to keep our grade standards for watermelons up to date with the new varieties that have been developed so rapidly by the Agricultural Research Service. However, we feel it's very important to keep the standards current and useful, to facilitate long-distance trading in watermelons.

And official, impartial inspection is available in your own production areas from the Federal-State Inspection Service. Last year the service inspected the equivalent of 1.6 million carloads of fresh fruits and vegetables.

Our Agricultural Marketing Service also administers the Perishable Agricultural Commodities Act -- which most of us who've sold watermelons know as PACA. PACA lays down the basic rules for good business conduct in the produce business. The PACA code protects everyone in the produce business by forbidding unfair trade practices such as unwarranted rejection of shipments, misbranding of produce, and slow payment.

Despite your best efforts and ours, it happens periodically that the market for watermelons is depressed due to an overabundance of supplies. Here again our USDA Marketing Service offers some help.

Our Plentiful Foods Program is designed to move abundant foods to consumers through regular retail and food service outlets. We work with private enterprise and use accepted merchandising practices and standards.

During the months of heavy supplies, watermelons are often listed among the "good buys" that USDA recommends to consumers.

In the area of marketing research, we are seeking ways of improving marketing facilities, transportation of facilities, work methods and equipment, and the wholesaling and retailing of farm products. As you can see, this is a very broad effort. One project in which I think you'll be especially interested is a study we're conducting in Chicago to identify the market diseases of watermelons, as the first step in finding preventions or cures for them.

The market news, grade standards, inspection, the acreage-marketing guides and the marketing research are all efforts to help you deal with your marketing problems. And the cooperatives and the marketing orders which I mentioned earlier provide legal frameworks within which you can work on these problems.

But fundamentally, the problems of the watermelon industry are your problems -- and the solutions to the problems are going to have to come from you. I'm not here with pat answers to hand you.

I think we all need to recognize that agriculture is changing fast these days, and the marketing structure for farm commodities is changing even faster.

Concentration of buying power, for instance, is a very real problem facing the watermelon industry today, as it faces many other farmers. Eighty-five or 90 percent of the retail food sales in the United States today are made through large retail outlets -- either corporate chain stores, organizations of affiliated independent stores, or stores that cooperatively own a wholesale warehouse.

In other words, 85 to 90 percent of your market today is through the large retailers. And the proportion may go even higher in the future.

I think our economy is committed to mass merchandising and to its inherent efficiency and cost-reducing advantages. We can probably expect fewer and fewer large volume buyers to do more and more of the food business.

The problem, then, is what we need to do to live with the kind of market structure that has evolved. How can we deal with the large scale buyer?

Another related problem is that of quality. The big retailer is fundamentally interested in pleasing his customers because it means making sales. So the real customer these days is the consumer. We do know that the consumer today has more money than she used to have, because personal incomes have been rising steadily since before World War II. And our studies have shown that the consumer with more money usually puts more emphasis on quality.

I sometimes wonder what happens when a consumer takes home her watermelon and finds it's immature or overripe. I wonder if she comes back for another. This problem of quality, then is another one that the watermelon industry must deal with.

As I said, I'm not here with pat answers to your problems. These are things that you have to work through, and you'll have to come up with your own answers.

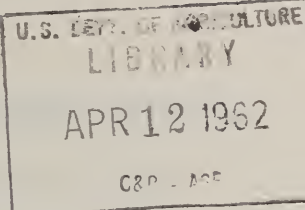
I do want to say, however, that this Administration will do everything possible to help you translate those answers into actions.

We feel that the whole nation has a vital stake in its agriculture. If we keep alert to changing conditions and act decisively to meet their challenge, agriculture can march steadily toward greater prosperity and larger contributions to the national well-being.

The first of these is the fact that the
government has been unable to
maintain a stable currency. This
has led to a loss of confidence in the
government and a consequent
collapse of the economy. The
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COTTON'S STAKE IN THE FARM PROGRAM

Address by John P. Duncan, Jr., Assistant Secretary for Marketing
and Stabilization, before Oklahoma Cotton Ginners Association
Oklahoma City, Oklahoma March 23, 1962, 10:45 a.m.

I'm delighted to join you in this meeting of the Oklahoma Cotton Ginners Association. It is both an honor and something of a challenge to meet with so many representatives of the Oklahoma cotton industry and to talk frankly with you about agriculture in general and cotton in particular.

First, let's take a quick look at the agricultural situation overall. The facts indicate that 1961 was a year of real improvement for most farmers. Here are some of those facts:

A rise of \$1 billion in net farm income--to \$12.7 billion, the highest since 1953.

An increase of \$3.4 billion in farm equities--a new high.

A record high in exports of farm products--breaking \$5 billion for the first time in U.S. history.

An increased use of American agricultural abundance to help the needy at home and to protect and strengthen freedom in the world.

A decrease of 200 million bushels in feed grain stocks--the first decrease since 1952.

These are five big steps forward. American farmers and this Administration have every reason to be proud of them. But when we add to these five steps the expansion of rural area development--more adequate credit to farmers--progress in soil, water, and forest conservation--advances in agricultural research--and the expansion of the crop insurance program into 100 additional

counties--when you add all these up, the sum total is indeed a fine beginning.

Here in Oklahoma realized net income per farm rose about two percent last year as compared with 1960. And it should be noted that this followed on the heels of a sharp rise in Oklahoma farm net income in 1960. The improvement in 1961 would have been still better had it not been for declining receipts from wheat and milk which brought down the increased income from cattle, hogs, and cotton.

But still the forward steps made in 1961 are only a beginning. The farmers of this country and the farmers of Oklahoma do not want progress to stop at this point. And this Administration has no intention of allowing it to stop there. No, those of us who are in agriculture, and those of us who seek to serve agriculture--and through serving agriculture to serve the nation--cannot be satisfied to stand still with the progress thus far made.

Even though 1961 was for American farmers the best year in nearly a decade, American agriculture still presents a paradox. Our agriculture is a great success in terms of efficient production. It has made significant contributions to the economic growth of the entire nation. But this very same success in production has helped to create a serious income problem for farm people and a serious cost problem for American taxpayers.

To cope with this riddle--this paradox--the Administration has proposed an A-B-C-D farm program--one which the President has aptly said is as common sense as A-B-C. That program is now before the Congress under the title of "The Food and Agriculture Act of 1962".

Here's why we call it the A-B-C-D program.

First, it's a program of abundance--of producing enough food and fiber

at fair prices to meet the needs of all Americans and to combat hunger and contribute to economic development throughout the free world.

Second, it's a program of balance--balance between the abundance we can produce and the quantities we can use--balance that is essential to avoid waste and to make it possible for efficient farmers to earn as much as non-farmers.

Third, it emphasizes conservation--the wise use of land and water--for the good of all our people, rural and urban. We need to adjust the use of these resources to our present and future needs for food, fiber, recreation and wildlife, for our children as well as ourselves.

Fourth, it stresses development--development of people and the renewal of rural communities--a program aimed at ending rural poverty and at giving opportunities for education and employment to people in every rural area in the nation.

This program--stressing abundance, balance, conservation, and development--is a common sense attack on the deep-rooted problems in agriculture. It faces up to the economic facts of agricultural life. It will, in the long run, give the farm operator maximum freedom and flexibility in running his farm. It not only allows improvements in farming efficiency as well as shifts among farming enterprises--it encourages them. It will safeguard and strengthen the family farm. It will raise farm income. It will continue abundance, but it will use abundance more wisely. It will conserve and protect land and water resources. And it will seek to end rural poverty.

Now, where does cotton fit into the A-B-C-D program? Cotton has a very important place.

For a long time, the story of American cotton has been a story of struggle, and sometimes one of discouragement.

We all know the inroads made into markets formerly held almost exclusively by cotton--inroads by rayon, nylon, paper, spun glass, and others. We all know the difficulties of meeting foreign competition while at the same time seeking to maintain fair prices to cotton producers here at home.

And, I think we would all agree that a permanent solution to cotton's problems has still not been found.

It is important not only that we realize this fact--but that we realize why it is so. We must realize that there is no permanent, one-shot solution to cotton's problems--nor to the problems of any other agricultural commodity. We cannot come up with any one specific program and truthfully say "this is the permanent answer, this is the final solution." That could be true only if the world stood still. And we know that the world of today can change more in a single year than the world of our grandparents changed in a full generation.

Past attempts to deal with farm problems have looked to the Department of Agriculture and the Congress to come up with programs covering a wide range of farm commodities. Most of these commodities, of course, have some conflicting elements. There are even conflicting interests within each commodity. But, nevertheless, efforts were made to compromise the conflicts and squeeze all the commodities under one legislative program--a program to cover everything like a great big circus tent.

Cotton has suffered from this attempt to solve its problems--as well as those of other commodities--by one, single legislative program. We need a

program for cotton--in other words, a commodity by commodity approach.

We need a program that will maintain and, if possible, increase income for producers--

That will provide abundant supplies for meeting domestic and foreign needs--

That will offer reasonable and stable prices to consumers--

That will prevent or reduce burdensome and unnecessary supplies--

That will hold down Government costs.

We need a program, moreover, that will resolve, so far as possible, the conflicts within the cotton industry.

You know as well as I the sharp conflict that exists between the demand for cheap cotton that can compete effectively with substitute fibers and the need for support levels high enough to assure farmers an adequate income. You know the conflict between the interest of textile mill owners who--in the face of stiffening world competition--want low raw material costs, and the interest of producers who need income sufficiently high to cover their costs. You know that there is a conflict also between the need to expand our world trade in cotton and the need to hold down the Federal budget.

Now how can all these objectives and conflicts best be reconciled? We think it can be done by a program which establishes a reasonable support price upon allotted acreage--but which permits efficient producers to grow additional acreage at the world price.

The Department has been studying specific recommendations for such a program--recommendations proposed by the legislative subcommittee of the Advisory Committee on Cotton.

Let me point out before getting into these proposals, that the cotton program starts from a different set of circumstances than the wheat and feed grain programs. At the beginning of the marketing season, we had a cotton carryover of slightly over 7 million bales. While this is larger than we used to regard as normal, unsettled world conditions make it wise to have an extra margin. We consider this an acceptable carryover.

So we are not under strong pressure to cut down supplies by reducing production below current use. The immediate objective of the cotton program is rather to make current production and use approximately equal.

But even though there is no urgent need right now to cut down cotton stocks, reconciling the other objectives--such as increasing producer income while lowering Government costs--presents real difficulties. The task is made more complicated by the need to maintain cotton dollar exports, not only in the interest of cotton producers, but also because these exports are very important in meeting the balance of payments problem.

The plan under consideration is a "blend price" program for cotton. It is designed to improve the competitive position of cotton and permit greater acreage-price flexibility for producers.

I'm not going into all the details of the plan, but here are the essentials.

First, the plan would not be authorized unless the Secretary determines that there is a need for a national marketing quota. The national acreage allotment under the quota could not be less than 17 million acres for 1963 or 16 million acres for later years. These national allotments, it should be noted, are exclusive of the applicable portion of the 310,000 acre

national reserve for minimum farm allotments.

Now suppose that a quota has been proclaimed and the Secretary decides to put the blend price plan into effect. He determines a "basic farm acreage allotment" for each farm. Next, he authorizes increases of 20 percent in 1963 and 30 percent in later years in the basic farm acreage allotment. This increased acreage is called the "export market acreage" for the farm.

Growers who decide to produce cotton on their export market acreage would pay a marketing fee--on the cotton produced on the export acreage. The amount of the fee would be equal to the cotton export subsidy which, as you know, corresponds to the difference between the domestic price of cotton and the price at which U.S. cotton can be marketed competitively in the export market. Upon payment of the fee, all cotton production on the farm would be eligible for price support.

The marketing fees could be used to help maintain and expand both domestic and foreign cotton markets.

It should be noted further that under the blend price plan, release and reapportionment provisions would continue to operate as at present, applicable to the regular farm acreage allotment. Export market acreage would not count as history for purposes of determining future allotments. And marketing quota penalties would be due on acreage planted to cotton on a farm in excess of the sum of the basic farm acreage allotment and the export market acreage.

We call this the "blend price plan" because a producer's return from cotton would be a "blend", or a weighted average, of the prices received for the two portions of his crop. Let's see how it would work out in practice.

Say that price support was at the 1962 level of 32.47 cents per pound Middling 1-inch with an export subsidy of 8.5 cents per pound. The blend price would then average out like this.

If the planted acreage exceeded the basic farm acreage allotment by 5 percent, the average blend price would be 32.07 cents.

If the excess acreage was 10 percent, the blend price would be 31.70 cents; 15 percent, 31.36 cents; 20 percent, 31.05 cents; 25 percent, 30.77 cents; 30 percent, 30.51 cents.

This plan would authorize a new procedure for farmers who usually plant a little above their allotments in order to be sure of fully using the allotment. Instead of destroying the excess acreage--as is now done on thousands of farms to avoid marketing penalties of nearly 20 cents a pound and to be eligible for price support--the farmer could keep such acreage and pay the marketing fee. Most likely, many farmers would prefer to do this. It would also eliminate the problems producers now have associated with planting the full allotment but not exceeding it.

To the extent that the marketing fees were used to finance the export subsidy on cotton, the annual cost to the Government under the blend price plan would be less than under the present program. If the fees were used to hold or regain domestic markets lost to or threatened by synthetic fibers, there would be a gain from increased consumption.

Let me say that the Department is very grateful for the advice and assistance of the Advisory Committee on Cotton and its legislative subcommittee in working out recommendations for the cotton program. At least half of the 34 members of the Advisory Committee are farmers directly

engaged in producing cotton. Several others are primarily engaged in work with cooperatives which market cotton and cotton products. Still others come from organizations which gin cotton, crush cottonseed, or otherwise process or market cotton or cotton products. They are all leaders in their fields. They represent all the different cotton producing regions of the country. Their help in working out recommendations on the complex problems which confront the cotton industry is beyond measure.

There are many reasons why we believe a blend price program is necessary. Among these reasons is the need for a more realistic cotton export program.

In recent years, some 40 percent of our cotton production has moved into export. Mills in the United Kingdom, Germany, France, Italy, Japan, and the various other important textile countries have long relied on the United States as a source of raw cotton. We surpass by far any other producing country in having available the widest range of grades and staples of cotton, in quantity, practically the year-round.

World consumption of cotton has increased more than 50 percent over the past decade, and this, of course, has been reflected in U.S. exports. But our exports, as you know, have been falling off. Whereas during the 1959-1960 marketing year we exported 7.2 million bales of cotton, the total in 1960-61 was about 6.5 million bales, and export sales in the current marketing year are running considerably behind that figure. The principal reasons are that, whereas importing countries were building up inventories previously, they are now reducing them. Moreover, consumption of cotton in these countries is moderately lower this year.

The whole matter of foreign trade, including foreign trade in farm products, is now one of the most urgent problems being considered by the Kennedy Administration. This is a matter of very great concern to agriculture, and especially to producers of such crops as cotton, wheat, tobacco, and others which depend heavily upon exports for their markets. The fact is that foreign trade means the difference between a good year and a very bad one for many agricultural producers. More than that, it means jobs and payrolls for a great many people in the cities.

While a great deal has been done to develop bigger and better export markets for agricultural products, the amount that we can sell abroad depends in the last analysis on the extent to which other countries permit our products to enter their markets. We are facing a problem in this respect right now in the European Economic Community, or, as it is popularly known, the Common Market. There are six countries in the Common Market--France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. In addition, as you know, the United Kingdom is seeking to become a member. These seven countries take about one-third of all the agricultural products we export. They take almost half of our dollar sales of farm exports. Our single most important export to the Common Market countries is cotton.

If the Common Market should adopt tariff policies designed to exclude a large proportion of our farm products, U.S. agriculture would be struck a heavy blow. The Administration has been negotiating for months to prevent this from happening and to secure trade policies under which we could maintain and expand our exports to the Common Market. Secretary Freeman, Under Secretary Murphy, and other USDA officials have worked very closely

with the Department of State.

In a round of negotiations just concluded, we obtained some important concessions on cotton, soybeans, tallow, hides and skins, certain fruits and vegetables, and other commodities.

But if export markets are to be expanded in the year ahead, the Administration must obtain legislation to replace and strengthen the Trade Agreements Act which will expire on June 30. The President has asked the Congress to enact the Trade Expansion Act of 1962--a program which would give the United States more flexibility and greater strength at the world trade bargaining table. As the President has said this is "of the greatest importance to American farmers."

It is vital, therefore, that the farm people of Oklahoma, and farmers throughout the entire United States, should be alerted to their great stake in the world trade picture.

As Secretary Freeman pointed out last week, while domestic markets for farm products grow pretty much at the rate of population growth, export markets can expand far faster. We saw this between 1950 and 1960--domestic consumption increased 14 percent while agricultural exports increased 84 percent.

I am confident that there is in Oklahoma a good future both for cotton and for agriculture as a whole. During the past five years we have seen Oklahoma cotton production increase by well over 100,000 bales. At the same time there has been a marked increase in staple length--and this has brought an average increase of about \$3.00 per bale for Oklahoma cotton growers. It meant an additional \$1 million for Oklahoma cotton producers in 1961.

Your cotton has been in good demand during the past ginning season. As of last month, only about 22,500 bales had entered the Commodity Credit Corporation loan program. This is only 6 percent of the total Oklahoma production and it compares with 32 percent for the entire cotton belt. Your White and Light Spotted qualities--which account for about 90 percent of the State's ginnings--have been selling from \$5.00 to \$10.00 above loan rates.

You have had an active release program here in Oklahoma, with about 74,000 acres released for reapportionment to other farms in 1961--and about 12,000 acres turned into the State committee for reapportionment to counties where additional allotment is needed. This is a highly useful part of the cotton program. We believe that the blend price proposal would work in such a way as to cause additional cotton production in the best cotton-producing areas of the State. But until this occurs, the release and reapportionment mechanism is of real benefit to the farmers and all parts of the cotton economy.

As some of you know, I have followed cotton programs for many years in several different capacities--as a cotton farmer--as an associate with the old Triple A--and as a past President of the Georgia Farm Bureau Federation. With the recent organizational changes in the Department of Agriculture, I will be more directly responsible for the various phases of the marketing and stabilization activities of the Department. Let me assure you that I will welcome, at any time the advice and recommendations of all groups, such as yours, which are engaged in the production, processing, or marketing of cotton. We know that you can help greatly to improve cotton programs because of your close contact with cotton farmers--many of you,

in fact, are farmers yourselves.

If we all work together, this year--1962--can be a year of significant progress for American farmers. The Administration has presented to the Congress a blueprint for Food and Agriculture in the 60's. The details are being filled out by proposals such as the blend price program for cotton. The Trade Expansion Act of 1962 will, if it is enacted, immeasurably strengthen the agricultural economy by further opening up export markets.

The road to progress has been well charted. Let's work together. Let's move forward.

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I am very pleased to have the opportunity to speak to you tonight.

All of us who are a part of American agriculture recognize the invaluable service you daily perform in reporting and presenting farm news. All of us are indebted to you for your efforts to keep your communities, both rural and urban, informed about commodity programs and farm issues.

We live in an increasingly urban society, which is reflected by increasing Congressional representation from metropolitan areas. You play a vital role in keeping before the public agriculture's importance to the national economy.

No nation has been better served by the farmer than the United States, and no person receives a more miserly reward for his efforts than the American farmer. Consider that he has eliminated the fear of famine. Year in and year out...regardless of floods, storms, droughts, insects and other natural disasters...we maintain and constantly improve our high level of nutrition.

Today, we spend less for this food abundance than any people anywhere... anytime...in history. The American housewife doesn't always realize this, but it is true. The average American family today spends only 19 percent of its income for food. Ten years ago food costs took 23 percent of the family income. And today in most countries, food costs range from 30 to 80 percent of family income.

One of the reasons food is such a bargain today is that the farmer has been, and is, subsidizing the consumer. It's hard to believe, but it's true. We have heard so much for so long about subsidies to farmers that we no longer

Address by Assistant Secretary of Agriculture John P. Duncan, Jr., before Louisiana-Mississippi Associated Press, radio, and television news editors, Lafayette, La., Saturday, May 18, 1963, at 7:30 p.m., CST.

look to see what actually is happening. Had food prices at the farm increased as much as the cost of other goods and services during the past decade, we would be paying \$4 to \$6 billion more a year for food. It means the housewife today has an extra \$100 to spend for other things. Thus, the complaint over subsidies has all but drowned out the fact that, even including the payments made to farmers, the food we buy today takes less of our income than it did 10 years ago.

Closer to home, and from a different standpoint, the importance of agriculture cannot be underestimated. Cash receipts from farming in Louisiana and Mississippi in 1962 totaled \$1.2 billion.

Because it is so important to the economy, I think all of us here tonight share the same concern about the outlook for major commodities of this area -- cotton, sugar, cattle, rice and broilers -- and about the progress of farm programs that directly affect the income and well-being of farmers in these historically agrarian States.

The foremost issue before us at the present time is cotton and I would like to discuss in detail the problems that affect the cotton industry. But first, I will comment briefly on cattle, rice and broilers.

With reference to cattle, we have had in the past 10 months or so a rather unstable cattle market. The supply of Choice beef continues fairly heavy -- and prices are not expected to get much better until the latter part of the third quarter of this year. Cattle feeders need to move cattle to market at a pace which will not distress markets further -- and they need to avoid holding cattle on feed beyond the time when they reach grade.

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The Department is doing its best to help. We have stepped up beef promotion programs to consumers. The Department is buying more beef for distribution to needy, with purchases of canned meat products for this purpose running much above what they were four months ago.

I think it should be noted also that the present cycle is less extreme in its swings in recent years than formerly. Cattle prices will not be hurt as severely in this cycle as they were in the early 1950's.

This is due partly to better economic information services, partly to better self-management by the cattle industry, and partly to feed grain policies that have afforded more stable supplies and prices of feed than ever were available before.

The key point is that the feed grain program prevented the addition of excess weight per steer fed. In 1962 if each head of fed cattle had been fed to 100 pounds more weight, the total beef supply would have been increased about 6 percent -- enough to lower the farm price for fed cattle about 10 percent.

So we have had, as a result of the feed grain program, a definite steadying effect on the livestock and poultry situations. And we believe in the Department that the best livestock program is a practical and effective feed grain program.

With reference to broilers, which are one of the three leading commodities in Mississippi, indications at this time are that the broiler situation will tend to deteriorate. The outlook is that price levels later this year, particularly in the fourth quarter, could be very discouraging to the producers.

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At the present time, broiler prices for producers are at the $13\frac{1}{2}$ cent level for the Southeast. We anticipate no rise in price this summer, and after schools reopen in September it is assumed that the usual drop in demand will occur.

The Department has placed broilers on its Plentiful Foods list, and has made substantial purchases for the School Lunch Program. I note that these purchases have been very well received by the industry.

Regarding rice, we harvested last year $64\frac{1}{4}$ million bags of rice. And four States -- Arkansas, Louisiana, Texas, and California -- share about equally in the production of most of the rice grown in the U. S. Mississippi is also a large producer but accounts for only a little over two percent of the U. S. total.

On January 11 this year, rice growers approved 1963 marketing quotas in a referendum by 87.9 percent of the total vote. The affirmative votes were substantially more than the required two-thirds. Quota have been approved every year since 1955. In Louisiana this year the vote was 96.5 percent "Yes" and in Mississippi it was a whopping 98.1 percent "Yes". The national allotment this year is 1,818,166 acres, essentially the same as that for 1962. Domestic disappearance for 1963-64 is estimated at 29 million hundredweight, about the same as for the current year. Exports are projected at about 33 million hundredweight, one million more than in the preceding year.

Rice is the only cereal for which per capita consumption has been maintained in the United States, although it never has been an important food grain from a national standpoint. Wheat accounts for around 80 percent of the flour and

cereal products consumed as food; corn, about 10 percent; and oats, barley, rice, rye and buckwheat constitute the remaining 10 percent. Use of grain for distilled spirits and alcoholic beverages is an important outlet for some grains, including rice for beer. However, such use is not included in USDA food consumption data.

Rice as table food is its main use. This outlet accounts for about 85 percent of the average 5 to 6 pounds of rice consumed per capita, while the remaining 15 percent is used in processed foods. Of this 15 percent, about 85 percent goes into breakfast cereals and the remainder is divided between use in soup and in all other products.

Thus, we can look forward to stability in domestic production, prices and consumption, and to fairly good exports in 1963. Cash sales will be subject to two factors in the export area. These are a continuation of reasonably competitive prices and decisions yet to be made by the European Common Market. Our exports to Europe as a whole in 1961-62 represented 21 percent of our total.

Meanwhile, considerable progress has been made in rice market development work by the U. S. Rice Export Development Association in cooperation with USDA. This group has been very busy promoting consumption of rice in a number of countries in Europe and Africa, and plans to do development work in the Middle East this year. The association's promotional activities have been well received in all areas and show promise in further developing and expanding consumer interest in rice.

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Cotton is in trouble. King Cotton has been ailing for years with assorted aches and pains, but right now he's flat on his back and gasping for help. The paradox of this is that every segment of the industry, and every area of production, is fully aware of this critical situation -- but the various groups, areas and segments seemingly cannot agree on the way to correct it. And time is running out.

The simple truth before us is that, unless the industry supports an effective program that will enable the Congress to take action to restore American cotton and American textiles to a competitive position in both domestic and world markets, our cotton textile industry will decline and many cotton farmers will be forced out of production.

There are many factors and many influences that have brought us to this point of no return.

-- The ruinous inequity to American textile mills of the two-price system for cotton places our mills in a position in which they cannot compete with foreign mills. Under this two-price system, American mills must pay $8\frac{1}{2}$ cents a pound more for cotton than buyers overseas. This amounts to a \$42.50 a bale price differential our mills are forced to pay for American cotton, over and above the price paid for American cotton by foreign mills. It is a fact that some foreign manufacturers have been able to turn U. S. cotton into textiles, ship them back to the United States, pay the tariff, and undersell American textiles.

In an effort to help our mills, Secretary of Agriculture Orville L. Freeman last year requested the Tariff Commission to seek a solution to the problem, through the means of an import fee of $8\frac{1}{2}$ cents a pound on the cotton content of textile imports. However, the Tariff Commission rejected this proposal, and our

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mills still are confronted with the inequity.

-- Domestic consumption of upland cotton has declined. It is estimated that domestic textile mills will use 8.3 million bales during the 1962-63 crop year. This is 700,000 bales less than the quantity consumed in 1961-62. This decline reflects continuing inroads being made in our domestic market by imported textiles and by man-made fibers.

-- During the calendar year 1962, total man-made fiber production was at a record high level of 8 million bales (cotton equivalent). Total imports of cotton textiles, on a raw fiber equivalent basis, were 645,000 bales in calendar 1962, which was a record level.

-- A general upward trend in acreage and yields of other cotton producing nations has taken place, and this trend is expected to continue. In many countries agricultural production, long neglected, is coming to the fore in development plans, with more official and private action to encourage farm production as a base for an expanding economy.

As Chairman of the International Cotton Advisory Committee, I recently spent four days in Bangalore, India, at a meeting of the Committee. It was noted at this meeting the U. S. cotton acreage had continued to decline while the acreage of other countries had continued to climb. The increased production in the world last year was two million bales, and this was the amount of increase in the U.S. carry-over. In effect, we are being asked to assume the burden of all the world's increased production.

-- Man-made fibers continue to be a serious threat to cotton usage. Production of noncellulosics has hit a terrific pace, particularly in more advanced

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textile producing countries. In 1953, world production capacity for noncellulosic staple and filament totaled just over 600 million pounds; at the close of 1960 it had reached almost 2 billion pounds; and it has been forecast at 3.5 billion by the end of 1963.

-- With the decline in cotton consumption, cotton surpluses have piled up in warehouses. The Commodity Credit Corporation's cotton inventory has gone from \$245 million at the end of 1961 to \$811 million at the end of 1962. In addition, \$706 million in cotton was under loan on December 31, 1962.

These are some of the major factors before us as we try to resolve differences within the industry so that effective legislation can be considered by the Congress. In essence, we are seeking a formula for legislation which would maintain or increase the income of cotton farmers, which would make cotton more competitive, and which would at the same time reduce Government costs.

This was, and is, a formidable task. It has been made more difficult by differences within the industry which recently have been emphasized more and more.

In an effort to obtain an effective cotton program for consideration of the Congress, the Department has worked closely with all segments of the cotton industry. The Secretary's Cotton Advisory Committee recommended on January 14, 1963, that a cotton program be formulated which would:

1. Authorize the Secretary of Agriculture to make payments in kind from Government Stocks of cotton (or in cash, if cotton were not available) to persons other than producers at a rate which would eliminate the inequities of the two-price system to American textile mills.

2. Authorize the planting of cotton above the basic acreage allotment for the export market and at world price. If the producer paid an export fee equal

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to the difference between the world price and the domestic support price, this "export" cotton could move under the regular price support and marketing system.

3. The "export acreage" would not be in excess of 30 percent of the basic allotment, and for the 1963 crop to be 20 percent of the basic allotment.

4. Dependent upon budgetary considerations, the support price for the 1963 crop would be approximately the 1962 level of 32.47¢ per pound.

Provisions of the Advisory Committee's recommendations are included in the bill introduced in the Senate by Senator Sparkman of Alabama.

At the present time, there are eight bills dealing with cotton under consideration by the Congress. Hearings on cotton have been held by the House Committee on Agriculture. Hearings by the Senate Committee on Agriculture and Forestry are scheduled to begin May 20th.

The bills before the Senate Committee will include the one introduced by Senator Sparkman. The Department of Agriculture will, of course, indicate to the Senate Committee that it believes this proposal to be a suitable way of dealing with the problem.

The Senate Committee will also have before it a bill proposed by Senator Talmadge of Georgia. I would like to note that this bill has some constructive possibilities. Briefly, the bill would provide for each grower a domestic allotment -- his fair share of the domestic market -- expressed in bales. Each grower could produce and market as much cotton as he pleased at world price. Then, in addition to what he received in the market place, the Government would make payments to him on his domestic allotment to achieve specified levels of total returns per pound for this share of his production.

With reference to Senator Talmadge's bill, I would like to quote a statement
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made by Under Secretary Charles Murphy in an address he made in New Orleans before the American Cotton Shippers Association on May 10th:

"This proposal would permit cotton to move freely through private trade channels at price levels approximating world price. It would be feasible under this proposal to increase the net income of cotton farmers and, at the same time, lower Government costs in comparison with other programs. It would be the lowest cost way of achieving a 'one-price system' for cotton. It would be simpler to administer than the present program. We believe this bill deserves the most careful and objective consideration."

Where do we stand at the present time with regard to a cotton program? Seemingly the cotton industry has not yet resolved its differences to permit adoption of a program to get King Cotton back on his feet. In the Department, we are going to keep right on doing the best we can to get effective cotton legislation passed. It should be clearly understood, however, that the fate of cotton does not rest in our hands. It rests in the hands of the industry -- and with all groups interested in the welfare of people in the cotton industry.

There is one other matter that, while it does not affect your States to the degree of many others, should be mentioned. This is the forthcoming referendum on the 1964 Wheat Program. It has been a perplexing and amazing thing to me that opponents have mounted such a vitriolic and irresponsible attack on this program. They have not questioned the program on its merits. They have thrown up a smog of pseudo-philosophic slogans that have only confused the very farmers who would, and must, benefit from the program.

This is a disservice to farmers. It is an insult to the Congress which

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spent many months developing the program .. and to the farmers and their associations which supported it after advocating a two-price program for some 35 years.

The referendum is important to all farmers. The wheat vote could affect Congress' attitude toward other programs. Opponents of the wheat program say its defeat would be a first step toward abolition of government programs. If the plan is voted down, many lawmakers might well be convinced that farmers do not favor any commodity programs. The thought has been voiced that if farmers vote down the wheat program, the way may be pointed to the end of cotton, peanut, rice, sugar and tobacco programs.

In conclusion, I would like to make a few points perfectly clear. In any and all of our commodity programs, this Administration is primarily concerned with increasing farm income and providing needed food and fiber for the consumer at reasonable prices.

We are determined that the small farmer and the family-type farm should not be erased from the agricultural scene by forces with which he can not cope. We feel a special obligation to the small farmer -- one whose voice is heard least in the corridors of Washington -- but one whose need is greatest.

We will continue to work for programs that will bring supply into line with demand, and which will reduce surpluses and Government costs.

The part that you people play in the factual presentation of agricultural news has, and will continue to have, a great bearing on the general understanding of the need for such programs.

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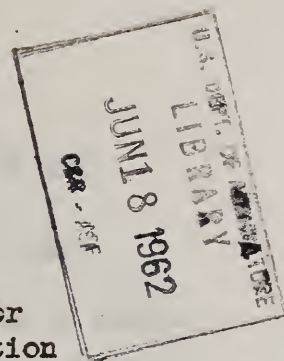
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UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON 25, D. C.THE DAIRY FARMER

Address by John P. Duncan, Jr., Assistant Secretary for
Marketing and Stabilization, before the Annual Convention
of Eastern Milk Producers Cooperative Association, Inc.
Syracuse, New York

June 5, 1962

It is a very great pleasure for me to have the opportunity to address
this annual meeting of the Eastern Milk Producers Cooperative Association.

Yours is obviously a highly successful association, comprising as it
does some 9,000 individual members who market milk through more than 90
handlers in most of the major markets of the northeast.

Your function is not to operate plants or processing facilities or
physically handle milk--but to bargain for your members--to represent them
at Federal marketing order hearings--to negotiate directly with handlers to
obtain premium prices at the local market.

In so doing you exert a significant influence on the dairy situation
both at the regional and at the national level. And because yours is a
powerful and respected voice in dairy operations and in dairy legislation,
I am delighted to have this opportunity to visit with you this afternoon.

As I see it, dairying is truly at a crossroads. Two alternative courses
lie open to the dairy farmers of this country, depending on the decision made,
first, by the Congress as to whether farmers should be given the right to
adjust supplies to demand in order to protect their incomes; and secondly, by
the farmers, as to whether to vote their approval in a referendum if Congress
authorizes the use of supply management tools. The decision the Congress
makes, the route it selects, will have immense meaning for dairy farmers and
for taxpayers. It could have repercussions which would be felt by all
farmers across the country.

But before I get into these ~~alternatives~~--important as they are--let's take a moment to look at where we have been, where we are now, and where we may be heading in the dairy business.

Dairying has come a long way in the past few decades. You and I in our own lifetimes have seen milk production and marketing revolutionized. What was once a rather simple family-type operation has now become highly efficient and complex.

As dairy production has become more specialized, we have seen the number of small herds diminish and large herds increase.

To operate an efficient dairy farm today involves costs that a few decades ago would have been absolutely prohibitive.

Aided by improved methods and mechanization, output per man-hour of labor has tremendously increased.

So has milk production per cow. In 1960 and 1961, for the first time, output of milk per cow exceeded 7,000 pounds. Actually, in 1961, average output per cow was 1,900 pounds more than 10 years earlier.

During 1961 milk production--triggered by a continuing increase in output per cow--rose by about 2.2 percent--or by more than 2.6 billion pounds.

This we could normally have taken in stride. During the past few years, the increase in population has just about absorbed the greater output of milk. But in 1961, there was a totally unexpected turn of events. Despite the expected increase in population, there was a drop of 1.1 percent in total consumption of milk last year.

Just why this happened has not been determined. Some think it may have been due to fear of contamination of milk by radioactive fallout. Others are inclined to blame the rapid growth of weight watching, a development

often attended by more enthusiasm than sound information and judgment.

In any event, as a result of both higher production and smaller consumption, the Commodity Credit Corporation, which is charged with buying any surplus dairy products as a means of supporting dairy prices, was forced to spend about \$597 million in purchasing butter, cheese, and nonfat dry milk, and in the military milk program.

Purchases totaled 435 million pounds of butter, 194 million pounds of cheese, and 1,275 million pounds of nonfat dry milk. These purchases removed from the market nine percent of the total milk fat and 13 percent of the nonfat dry milk in the milk and cream delivered by farmers.

Another result of the situation is that Secretary Freeman was recently required, under law, to lower the price support on milk from \$3.40 per hundred pounds to \$3.11 a hundred pounds. This occurred on March 30, a day the Secretary describes as "Black Friday". He did not take the job of Secretary with the intention of lowering price support for farmers. Yet under the terms of the present law he had no alternative.

So much for where we have been and where we are. Now let's take a look at where we are headed--assuming that we continue through the rest of the current marketing year under the law now on the books, an assumption that should bring no comfort to any dairy producer.

During the first quarter of 1962, milk production ran about two percent higher than in the same quarter of 1961. If this rate continues throughout the entire marketing year, it will mean the production of 2.5 billion pounds more milk than last year. Unless consumption increases, there is no market for this milk except the CCC.

I am happy to say that the movement of fluid milk in 74 major U.S. markets indicates that total consumption in the first three months of 1962 was about 1-1/2 percent more than a year earlier. This is a faint but encouraging indication that the sharp decline in per capita consumption that occurred last year may have been slowed and that consumption may be on the rise again.

But, of course, three months is too short to show a definite trend. We cannot yet depend on higher consumption as a saving factor this year.

No, it appears likely that CCC expenditures for price support this marketing year will be close to the \$597 million spent during the past marketing year.

But this is not the only problem which the present unlimited milk production creates. We are facing a mounting difficulty of physically handling and disposing of the huge supplies of butter and other dairy products bought under the price support program.

As of May 16, 1962, the CCC had an uncommitted inventory of 302 million pounds of butter. The Department of Agriculture is doing everything possible to increase the uses of price support stocks of dairy products through sales at greatly reduced prices for commercial and noncommercial export, and donations for domestic and foreign school and welfare uses. But CCC's inventories are still increasing.

You may be interested to know that in the first nine months of the current fiscal year--that is from July through March--schools, charitable institutions, and needy families, received more than 128 million pounds of butter. This compares with about 90 million pounds in the same period of

the previous year. It is an increase of 42 percent.

To hope to boost consumption under the program is not realistic and probably would lead to waste. In short our distribution of butter on the home front is about at a maximum. Foreign markets offer little hope, and cannot be counted on in the near future.

From last July through March, more than 67 million pounds of American cheese were distributed to the needy, to schools, and charitable institutions. This compares with about 11 million pounds the previous year--in other words, about six times as much.

This year, more than five percent of all the fluid milk used by the nonfarm people of the United States is being consumed by the nation's youngsters under the school lunch and special milk programs. The growth of these programs in the past year is a direct result of the determination of this Administration to use more effectively the products of American farms. It is one aspect of our determination to use our abundance as best we can to meet human needs everywhere in the free world.

The national school lunch program now reaches more than 14 million U.S. children. In the past few months it has been extended to some 21,000 youngsters who--because of local conditions--had never before been able to have regularly a hot lunch with milk at school. The point I am making is that Federal, State, and local people working together are bringing the lunch and milk programs to more and more youngsters. We expect to continue to expand these programs in the coming year.

Both at home and abroad nonfat dry milk is helping improve diets. This

product is of immense help in providing better nutrition for the children in underdeveloped countries. In the first nine months of this fiscal year more than 600 million pounds of milk powder have been distributed at home and abroad--compared with 433 million pounds for the comparable period a year earlier.

We are making important progress, too, in bringing to the public much needed information on the safety and value of milk in the diet. This is being done in cooperation with other Government agencies and the dairy industry. It will help every dairyman maintain and expand markets. Last January Secretary Freeman convened a National Conference on Milk and Nutrition to focus public attention on the need for a re-examination of the role of milk and dairy products in nutrition.

President Kennedy participated in this National Conference. He reassured the public as to the safety of their milk supply and stressed the fact that diets that short circuit some essential food elements are of dubious service to the cause of good health.

Since that conference the USDA and the Department of Health, Education and Welfare have cooperated closely in stressing the importance of milk in the diet, as well as in factual reporting on radiation levels.

We have gone all-out in lending our educational, information, and other facilities to the current promotion of June Dairy Month. We see in this annual event an important opportunity to stress the positive values of milk and dairy products.

As I said earlier, there has been some improvement in consumption this year. But certainly this improvement does not mean that the end of our

dairy problem is in sight.

Developments during the past year have emphasized the shortcoming of the present legislation--the Agricultural Act of 1949. This Act provides for dairy price support at such level between 75 and 90 percent of parity as will "assure an adequate supply". The President told Congress in his January 30 farm message that, in the present supply situation and under this law, it would be necessary to reduce the dairy support to 75 percent of parity on April 1. He urged Congress to pass a joint resolution to extend the 1961-62 support level through 1962 and that meanwhile Congress would consider and enact longer range dairy legislation recommended by him. Neither action has been taken by the Congress. The result was, as I mentioned earlier, Secretary Freeman's reluctant lowering of price support on that "Black Friday" some 10 weeks ago.

The basic problem is one of adjustment. Unless something is done to change the existing rules of price support for dairy products and some effort is made to limit dairy output, a year from now CCC may have more than 500 million pounds of butter in storage. Purchases during this marketing year can be expected to reach 400 million pounds. Storage space for butter is getting tight in some production areas even now. To handle the growing stockpile will mean that butter will have to be moved to out of position warehouses and this will add to the cost. If this situation is allowed to run on, it will eventually lead to a serious quality problem.

What we face is obviously an intolerable situation. Farmers are wasting their resources producing a commodity for which there is no constructive outlet. And they are making this effort at a price for milk that will not

bring them a reasonably adequate income. At the same time, the CCC, the Government, and the taxpayers are shelling out \$500 million to \$600 million a year for a program which makes no attempt to get at the basic cause of the problem--overproduction of milk--a program that does nothing to offer hope, even long range, of making any improvement in dairy farmers' income.

This kind of farm program will almost certainly lead to a reaction by the public and in the Congress, a reaction that could spell the end of all dairy support programs.

The only proposed dairy legislation approved by the Agriculture Committees of either the House or Senate, are the dairy provisions of the broad farm legislation reported favorably by the House Committee on Agriculture and awaiting action by the House. This would set up a voluntary program permitting those dairy farmers who wish to reduce their milk marketings to do so, under certain conditions, with assistance from the Department of Agriculture. While these provisions are steps in the right direction, they fall short of the program which we feel is needed to correct the overproduction problems of the dairy industry.

Senator Hubert Humphrey has introduced a bill in the Senate which contains many of the provisions of the Dairy Income Stabilization Program suggested by Secretary Freeman. This program would:

1. Authorize the Secretary to restore milk price supports immediately to the national average of \$3.40 which was in effect last year;
2. Authorize price supports beginning next April 1 and each year thereafter at a level as near to 90 percent of parity as marketing conditions make feasible;

3. Not require any milk producer to reduce his marketings of milk below the amount marketed in the 1961-62 marketing year;

4. Provide surplus reduction payments of up to \$2.50 per hundredweight to farmers who agree voluntarily to reduce their sales of milk below their 1961-62 normal marketing level; and

5. Guarantee that the minimum milk price support floor will not be reduced more than five percent of parity in any year even if producers do not approve of provisions for keeping supply in balance with demand.

This program would give dairy farmers the opportunity to protect their net income at the full 1961 level, and to make progressive improvements in their incomes in future years.

This dairy program proposal is now being studied in the Department of Agriculture, and is under consideration by the Senate Committee on Agriculture and Forestry.

We want to do everything we can to help the dairy industry work out its problem--both regional and national.

Let me say a few words about some of your regional problems. Milk producers here in the northeast are becoming more and more concerned with dairy industry activities outside of this area. This was indicated by the public hearing held in New York City last summer to consider proposals with respect to the minimum prices for reserve milk in the 10 northeastern markets.

As you know, the U.S. average price for manufacturing milk has been, and is, used for pricing reserve milk in the five New England orders. For the other five markets, reserve milk has been priced in the past on the

basis of various "products" formulas--butterfat-nonfat dry milk solids, etc. Recently, as a result of a public hearing a uniform basis for calculating price for manufacturing purposes in all markets was issued. The new basic formula for calculating the price of milk for manufacturing purposes sold under all 10 northeastern Federal marketing orders will become effective July 1.

Two weeks ago Secretary Freeman received from Governor Nelson A. Rockefeller a request that we look into every aspect of the present serious milk oversupply situation. In his reply Secretary Freeman pointed out that the price which dairy processors in the New York-New Jersey market are currently paying for manufacturing milk is among the lowest for major markets anywhere in the U.S. Our information shows that not a single dairy

manufacturing plant has closed since announcement of the recommended decision to increase manufacturing prices in the northeast. In fact, manufacturing plant capacity is greater today than at the time hearings were held last summer. This indicates that processors will be able to handle all the milk delivered by farmers, even though some receiving stations, which have no manufacturing facilities, have closed. Since increasing quantities of milk are now picked up at the farm in bulk tank trucks instead of in cans, and are transported directly to manufacturing plants, these receiving stations are no longer needed for assembling milk picked up in cans.

Last week a group of representatives of northeast dairymen were in Washington to discuss with Secretary Freeman the possibility of deferring and reducing surplus prices in all markets, rather than increasing prices of manufacturing milk in some markets.

Dairy producers in New York naturally are vitally concerned about the alignment of surplus milk prices among the 10 northeastern markets. Virtually all the testimony on price alignment at the hearings last summer was in favor of uniformity of surplus milk pricing among these markets. Consequently, the decision with regard to surplus price levels had to take into account the situation prevailing in all 10 markets, rather than in the New York-New Jersey market alone.

The USDA is keeping the situation under close and continuing review. If at any time the facts warrant, hearings can be called or other action taken to protect the income of dairy producers. As Secretary Freeman said in his letter to Governor Rockefeller, the Department of Agriculture feels that a hearing on every aspect of the oversupply situation

is warranted--including proposals with respect to the surplus milk pricing. But the Secretary does not think that the surplus situation warrants emergency action at this time.

All dairy producers would certainly be interested in an announcement made by Secretary Freeman last week to consider the termination of certain provisions of the New York-New Jersey Federal State milk marketing order relating to the regulation of the milk produced by farmers who sell milk at retail. USDA is requesting written views, data, and arguments from interested parties by June 14. You will recall that these provisions were added to the order by an amendment issued in 1958 by the previous Secretary of Agriculture.

Several producer-handlers are contesting the application of these provisions. One case is now in court for review. It has become apparent that the application of the provisions to producer-handlers meets with strong objection from an important element of the public. During recent weeks a majority of the Congressmen and U.S. Senators from the New York-New Jersey marketing area have expressed their concern about these provisions. Similar expressions have been received from other sources.

Such widespread objections raise a serious question whether these provisions are necessary to carry out the purposes of the Act under which the milk marketing order is authorized.

The order in its present form will be continued, pending the review, but this Department has no desire to maintain in force regulations that are not necessary to protect dairy producers and the public.

Please write us if you have any interest in these regulations.

Let me say very clearly that despite the serious problems facing dairying, I do not regard the future with pessimism. It may take a while to educate the public about what is required--but the job will be done. It will be done because it must be done.

All the U.S. farmer needs is a chance to study the facts and weigh the pros and cons and he'll make the right decision.

And when he does, he will bring the facts of the agricultural situation to other citizens all over the country.

We have made great strides in other areas of dairying--and we will eventually make strides, too, in adjustments to balance production with need.

We in the Department of Agriculture are proud of our role in the progress of this vitally important industry.

Take, for example, the progress in controlling animal diseases. Twenty-seven States have now been declared modified brucellosis free. Over 80 percent of the nation's counties are participating in the brucellosis eradication program.

Our efforts have played a part in the improved quality of dairy products over the years. That you recognize this fact is evident in the extensive use made of USDA inspection and grading services on butter, cheese, nonfat dry milk, and other manufactured dairy products here in the northeast. These services--carried out under Federal-State cooperative agreement with State Departments of Agriculture and Markets--are used on a voluntary basis. The user pays a fee to cover the costs. Here in New York State last year more than 85 million pounds of butter--2.4 million pounds of cheese--and about 127 million pounds of nonfat dry milk were graded.

The quality of dairy products begins with the quality of milk produced on the farm. If cows give good quality milk--and if this is then processed with modern equipment, good procedures, and sanitary practices--the result will be high quality finished dairy products. In recognition of this fact many dairy plants in New York and other States are now using USDA grading personnel to make periodic surveys of their plants. These surveys and inspections--made by impartial, well-trained personnel--provide plant managers with an evaluation of the raw material, the condition of equipment, and the effectiveness of sanitary practices and processing procedures. Such surveys and inspections can be invaluable in pinpointing problem areas that may need attention.

We believe agriculture is on the march again. New legislation, a new and more appreciative attitude toward the achievements of farmers, a new approach toward farm problems, and more vigorous use of abundance have truly helped get agriculture moving forward again.

Last year was a year of real improvement for most farmers. Here are some of the strides made in 1961:

- A rise of \$1 billion in net farm income--to \$12.7 billion, the highest since 1953.

- An increase of \$3.4 billion in farm equities--to a new high.

- A record high in exports of farm products--breaking \$5 billion for the first time in U.S. history.

- An increased use of American agricultural abundance to help the needy at home and to protect and strengthen freedom in the world.

- A decrease of 200 million bushels in feed grain stocks--the first decrease since 1952.

These are five big strides forward. American farmers and the nation have every reason to be proud of them. But when we add to these five steps

the expansion of rural area development--more adequate credit to farmers--progress in soil, water, and forest conservation--advances in agricultural research--and the expansion of the crop insurance program into 100 additional counties--the sum total of agricultural progress is indeed impressive.

The American farmer will respond to any program which he thinks is good for agriculture and good for the nation. He has proved that by his cooperation in programs of production adjustment. Time and again, producers have overwhelmingly given their support to production adjustment programs for cotton, tobacco, peanuts, wheat, and rice. Last year they gave wonderful cooperation in the feed grain program--even though we had only a few weeks in which to explain the program to them.

The wheat, barley, and feed grain signups for 1962 are proving the point again. The figures indicate a signup for corn and grain sorghums 11 percent higher than last year.

We are making progress toward the successful passage of a farm program of abundance, balance, conservation, and development--more progress by far than our critics thought possible a few months and even a few weeks ago.

We are making progress because the facts of the situation demand progress.

For us, in this critical era, to fail to discover and put into effect the long-range policies needed to realize these objectives would be wasteful, irresponsible, unthinkable tragic.

The beginning has been highly promising. The goal is immensely rewarding. The outcome is in the hands of every American.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Washington 25, D. C.

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Address by John P. Duncan, Jr., Assistant Secretary for Marketing and Stabilization, before the luncheon meeting of the National Association of Margarine Manufacturers, Statler-Hilton Hotel, Washington, D. C., September 19, 1962.

It is a very real pleasure for me to have the privilege of visiting with you during this luncheon. I've been looking forward to it for three reasons -- first, because it gives me the opportunity to bring you greetings not only from myself but also from Secretary Freeman -- second, because I always welcome meetings with members of the great agri-business community -- and third, because this meeting provides a forum for the discussion of one of our most important domestic issues. I refer of course to the farm issue.

In beginning my remarks, I want to compliment you of the margarine manufacturing industry for the progress you have made. In building up the market for margarine, you have provided a larger market for the oil fractions of the oilseeds produced by American farmers.

And on the other hand, of course, as manufacturers of margarine you are fortunate that two of the major ingredients of your product -- vegetable oils and pasteurized skimmed milk -- are in adequate supply. Just as the farmer needs adequate amounts of rainfall and sun to grow his crops, so you as manufacturers need adequate supplies of raw material to keep your plants operating.

The point I am making is that the farmer, the processor, the manufacturer, and the distributor are all parts of our huge American food industry -- and we can all be proud that it is by far the greatest food industry in the world. While it is the primary responsibility of the USDA to serve farmers, we believe -- from the Secretary all through the Department -- that farmer interests are best served when they can be harmonized with the interests of the entire food industry.

The growth of margarine consumption is a story well known to all of us. In 1961 about 1.1 billion pounds of soybean oil and 139 million pounds of cottonseed oil -- out of a total of about 1.4 billion pounds of oil -- were used to produce more than 1.7 billion pounds of margarine in this country. Everything considered, further margarine growth seems likely, even though margarine output this year may fall slightly below 1961.

I said a moment ago that the industry was fortunate in having adequate supplies of vegetable oils. Some of you may think the supply of vegetable oils, particularly soybean oil, is somewhat too large. Our view is that the supplies are both ample and readily manageable.

How many of us in 1950 -- when soybean production was 299 million bushels -- would have predicted use in 1962 of around 625 million bushels?

How many of you today, with a production level between 650 and 700 million bushels, would hesitate to predict demand in 1966 for 725 to 750 million bushels?

Management of the large supplies of milk and dairy products, as contrasted with the oilseeds and vegetable oils, is more difficult. I discussed some of the dairy problems at the annual meeting of the Eastern Milk Producers Cooperative Association in Syracuse on June 5. They are described also in a statement released by the Department on August 16, 1962. I understand you have seen both of these statements. For those who have not and are interested, I have copies here.

The Department has offered to supply some 200 million pounds of butter for foreign donation in the form of butter oil, ghee, or canned butter. Both butter and vegetable oil products will be moved abroad for donation under the Food for Peace Program. These outlets, however, will not be able to take all of the available surpluses of both butter and vegetable oils during the next year.

The simple fact is that the dairy industry is producing more milk than is currently needed in this country. The surplus depresses average prices received by farmers despite the added stocks accumulated by CCC under dairy price support operations. The result is that the income of dairy farmers is low compared with the income of non-farm people.

The Administration believes this problem can best be handled by attacking it at the source -- in other words, by a moderate adjustment of supply by the dairy industry. This would eliminate price-depressing surpluses while maintaining adequate supplies.

Just in passing, let me say that the Department has not considered subsidizing butter by purchase at one level and sale into the market at some lower level. I mention this because it may be a question in your minds.

The increasing consumption of margarine has affected the demand for butter. This, of course, means adjustment and changes in our production patterns. This is typical of what is taking place in several segments of American agriculture. While such changes and adjustments are to be expected within a growing economy, they create problems with which we must live and deal as they arise. Recognizing this, I think all of us who are interested in the agricultural industry -- farmers, processors, manufacturers and the many others -- should direct our efforts toward an acceptable and sound program for agriculture as a whole.

One of the most striking changes in the entire American economy in recent years is the increased efficiency of our farmers and their growing capacity to produce more abundant supplies relative to our requirements.

During the past decade the American farmer has far outstripped the industrial worker in increasing his productive efficiency. From 1950 to 1960, the hourly output of the average farm worker increased by an annual rate of 6.5 percent -- three times as fast as that of the man in the factory. One American farmer today produces enough food and fiber to meet the needs of 27 persons. This is an almost unbelievable contrast to the situation in the developing areas of the world where the farmer and his family often supply little more than their own needs.

The success of our agriculture has contributed a high level of living, leisure, comfort, and good health to the American people. Food costs today take about 20 percent of the monthly wage, as against over 25 percent only a few years ago -- and in contrast to 40 or 50 percent and more in many other lands.

We have completely banished from America the fear of starvation. No one need go hungry in this day. On the contrary, our people have the most abundant and varied supplies of food and fiber at the lowest relative cost ever known in history.

This Administration has applied the cardinal principle that with abundance comes the responsibility of using it wisely.

We have made a vigorous effort to move our supplies of food and fiber into constructive uses here and abroad. As far as practical -- and there are practical limits -- I think it is better to use these supplies for needy people here, and abroad in friendly countries, than to hold them in storage with attendant waste and cost.

Our ability to produce food and fiber in abundance is one of the greatest achievements in human history. But though we should be everlastingly grateful for this abundance, this does not mean that our agriculture is free of problems. For agriculture the goal of producing abundance has been succeeded by the problem of using it. Because our ability to use abundance has lagged behind our ability to produce it, farmers as a group are able to earn an average of only about half of what non-farmers make.

Scientific advancement, plus the ingenuity and energy of the American farmer and his family in using it, have enabled us to build productive capacity in agriculture for greater than our current needs. Surely we have the intelligence and energy to guide or adjust production within this capacity so farmers can obtain a fair return for their labor and investment.

The capacity of our agriculture is one of our most valuable national assets -- one of which the whole world is envious. It seems strange that some suggest, in effect, that this capacity be reduced to the level of current needs. To do this would be dangerous.

Agricultural production is subject to natural hazards which cause wide fluctuations in yields. With capacity just large enough to meet our needs, adverse natural conditions could easily cause serious shortages. Therefore, while we do not want excessive capacity with the likelihood of burdensome surpluses, capacity should be maintained at adequate levels. It should be possible then to utilize and manage this capacity so the supplies moving into the market do not depress prices and thereby inflict hardships on our highly efficient farmers -- denying their families a fair income and a fair standard of living within the American economy.

Let me try to put this in my own terms in the light of experience gained during our lifetime.

We know some things that will not work as solutions of this problem.

First, we have learned over the years that it is not enough simply to tell farmers that the supply of any crop or commodity is too large and that production should be reduced. There are many farmers. Each of them is under economic pressure to operate at capacity to obtain maximum income. The quantity produced on any one farm or group of farms is so small that it has no effect on the supply-demand-price situation. Therefore, each farmer, even though he knows total supply is too large, is driven by economic necessity to produce as much as he can and sell for what he is offered.

Second, farmers have been unable voluntarily, through cooperatives or otherwise, to adjust supply in line with demand so as to obtain better prices.

Third, the Federal Government has been unable to relieve the price depressing effect of agricultural surpluses, except temporarily, by purchasing, holding off the market and, later, selling the commodities back. The classic example here was the Federal Farm Board effort during the Hoover Administration.

Fourth, adjustments based solely on payments have been only partially effective and costs have been quite high.

Fifth, to overstress the cost of accumulating surpluses and to talk about the horrors of any control or adjustment program only aggravates the problem.

Now let's take a positive look in another direction.

The Secretary has stated the Administration position in these terms:

"We cannot turn back to the myths of the past, nor can we cling to half-way answers. My own position is clear. Farmers should be able to choose on the one hand to regulate their production and to receive fair prices, and on the other an abandonment of all farm programs and face the decline in income which both history and economists indicate will inevitably follow."

For reasons I do not understand, many businessmen seem to think adjustment of agricultural production in line with demand is undesirable. I do not understand this because they themselves, from day to day, adjust their production and offerings on the market to what they can sell.

It's true that adjustment or supply management programs entail controls and the exercise of self-restraint on the part of farmers.

But all of the laws by which we manage to live together and adjust our affairs as a people entail some controls and self-restraint.

As a general principle, we believe that controls of whatever kind, in agriculture or outside of it, should be as mild as possible to accomplish the desired objectives. This principle is applicable to supply management programs in agriculture. We believe, further, that controls should be used only when consistent with the public interest.

The extent and degree of such controls must be decided as a matter of policy by the Congress. As the impact of agricultural controls falls directly upon farmers, it seems reasonable to let them decide by voting in referendums whether they wish to use them.

Those who take a negative attitude and who seem to get satisfaction out of criticizing the cost of farm programs are inclined to say, "Oh, no, such controls should not be imposed even by a two-thirds majority upon the minority who do not wish them."

Personally, I don't think this attitude can stand up under fair analysis. The broad choice by the majority is between the use of controls to obtain a better income on the one hand and the freedom to produce without controls and sell in the "free market" on the other hand. The fact that the majority may decide to use controls does not necessarily deny individuals in the minority an opportunity to produce as much as they want and to obtain a net price equivalent to the "free market" value.

As you know, controls usually are made effective by a fee or penalty. If the fee or penalty represents the approximate difference between the prevailing market level and the level which could be expected on the "free market" under no program, the freedom of each individual to choose is not denied him. He can participate in the program or stay out, whichever seems to him more profitable. If he elects to stay out, the fee or penalty paid on his "surplus" reduces the cost to the taxpayer of handling or disposing of any overall surplus.

This is a constructive and positive Administration. It is not a negative one. If problems exist, we advance proposals for dealing with them. We do not claim to have all of the answers to our agricultural problems. We do not claim to have the only answer or the best answer. We welcome other proposals or suggestions for modification of our proposals. But we believe the situation calls for constructive criticism and positive proposals--not destructive criticism and a negative do-nothing attitude.

In closing, I should like to summarize for you the philosophical background on which this Administration's proposals for food and agriculture in the 1960's are based. We call it the A-B-C-D farm program.

A stands for abundance -- emphasizing food and its uses in our own Nation and in a world in which the food needs of millions are not presently satisfied.

B stands for balance -- balanced production enabling us to manage our abundance and maintain farm income. This I have discussed at length today.

C stands for conservation -- the efficient use and improvement of land resources to assure adequate food for all, to conserve soil and water resources, and to expand the recreational opportunities so much needed by our growing population.

D stands for development -- to create new opportunities and incentives both for those who gain a living directly from the land and for those who depend upon it indirectly.

Through these four steps, the food and agriculture program for the 1960's is intended to provide maximum flexibility in the operation of individual farm enterprises and maximum freedom in the choice of occupation by rural people.

With such a program, American agriculture will be even more than in the past a tremendous force for good -- both at home and abroad.

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Address by John P. Duncan, Jr., Assistant Secretary
for Marketing and Stabilization, before the American
Dairy Association, Seattle, Washington, September 25,
1962

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It is a very great pleasure for me to have this opportunity to address this meeting of the American Dairy Association. The voice of the ADA is highly respected and influential in the dairy industry. And this is among the reasons I am delighted to be here visiting with you.

The simple fact is that now, perhaps as never before, respected and influential voices need to be heard in behalf of the dairy industry.

I am sure that all of us here are deeply concerned about the current dairy situation. Each of us recognizes that dairying is truly at a cross-roads. We are all keenly interested in finding solutions to dairy problems which will protect the economic livelihood of producers, provide adequate and high quality supplies for consumers, and cut down costs to taxpayers and the Government.

Why is dairying at a crossroads? The facts are simple. First, the production facts. Last year, as we all know, was a record year for milk production -- 125.5 billion pounds -- a jump of 2.6 billion pounds over the year before. It was a record year also for milk production per cow -- 7,211 pounds. Actually in 1961, average output per cow was nearly 1,900 pounds more than 10 years earlier.

But while production went up, consumption in 1961 -- despite a larger population -- dropped by more than 1 percent and was over 2 percent less than expected. I'm not going to attempt to pinpoint the reasons why consumption declined. I'm simply pointing out the fact that rising production accompanied by falling consumption adds up to a very serious dairy problem right now in 1962.

It is not a problem any one of us interested in the welfare of the dairy industry can afford to ignore. The effects are extremely far-reaching.

If long continued, they could have the most serious consequences for the dairy industry, consumers, and taxpayers.

Stocks of CCC-owned dairy products in storage are growing rapidly. As of mid-September, the CCC had an uncommitted inventory of 352 million pounds of butter, 100 million pounds of cheese, and 555 million pounds of nonfat dry milk.

We are facing mounting difficulty in physically handling and disposing of the huge supplies of butter and other dairy products bought under the price support program.

These large uncommitted surpluses exist despite tremendous efforts being made by Government and the industry to increase the use of dairy products.

During the year ending June 30, schools, charitable institutions and needy families received more than 161 million pounds of butter, compared with about 119 million pounds the previous year.

Donations of butter to needy persons in the U.S. are now at a rate of 12 pounds per person per year -- almost twice as much as the average per capita consumption by persons who buy butter through commercial channels.

We have offered 200 million pounds of surplus butter for foreign donations under the Food for Peace Program. This butter will be converted into butteroil or ghee and canned, or into canned butter, at a cost of nearly 5 cents per pound, as necessary to make it usable for these outlets. Unfortunately, we do not anticipate that a large volume can be used for such outlets in the immediate future.

Although we do not have prospective foreign outlets in sight at present for large quantities, we are contracting for processing and canning 100 million pounds of butter into oil. This product can be stored in "cooler" space, thus freeing freezer space for storage of additional acquisitions of butter. This step is necessary in order to minimize the risk of deterioration of older stocks of CCC-owned butter, and to assure sufficient freezer capacity to handle the prospective additional acquisitions during the months immediately ahead.

Supplies of cheese and nonfat dry milk, although creating a less urgent storage problem, are also large. Donations of cheese for domestic school lunch and welfare uses in fiscal 1962 were nine times greater than a year earlier. In the current marketing year, we have made available 40 million pounds of cheese for foreign donation. Donations of nonfat dry milk for domestic use were increased 40 percent and for foreign use 38 percent. Still greater quantities are being made available wherever they can be used in the Food for Peace Program.

This year, again, more than 5 percent of all the fluid milk used by the non-farm people of the United States is being consumed by the country's children under the school lunch and special milk programs. The growth of these activities in the past year and a half is a direct result of the determination of this Administration to use the products of American farms more effectively.

The National School Lunch Program now reaches well over 14 million U.S. children. And we are continuing efforts to extend its benefits to youngsters who -- because of poor economic conditions -- have never been able to have a hot lunch with milk regularly at school. Federal, State, and local people are making a cooperative effort to expand the lunch and milk programs to reach more and more youngsters.

Yet CCC stocks of dairy products continue to out-run available disposal outlets. During the first seven months of 1962, the CCC acquired nearly 9 billion pounds of milk equivalent -- compared with 8 billion pounds in all of 1961.

Meantime, the cost to taxpayers of the dairy price support program has reached an all-time high. During the marketing year which ended March 31, 1962, net costs of price support operations for dairy products totaled \$597 million. Government expenditures amounted to 50 cents for each one hundred pounds of milk marketed by U.S. dairy farmers. The cost of price support operations for the amount of milk produced during the year by an average dairy cow comes to \$36; the cost for a herd of 30 average milk cows for the year was \$1,080.

These high costs are continuing during the current year. Yet, dairy farmers' incomes remain far from adequate. In 1960, when milk prices were comparable to those of today, representative efficient dairy farm operators received net returns on their labor ranging from 33 cents per hour in eastern Wisconsin to 72 cents in the Northeast, mainly New York. Such levels of dairy farm income are too low for the good economic health of rural communities, and for a desirable contribution to overall national prosperity.

These, then, are the dimensions of the problem -- a problem so grave that it must be solved to prevent, as Secretary Freeman said, "a debacle with the most serious consequences for dairy farmers, consumers, and taxpayers."

What more can be done to solve it, than is being done now? Obviously, more must be done. Because it is very evident that what has been and is being done thus far is not enough.

The long range objective, of course, is to improve the market outlook for dairy products. This is a goal the ADA has been seeking for many years in its efforts to give added impetus to the promotional aspects of the dairy industry. It is also the long range goal we seek.

There is no question but that many persons in the United States are consuming less dairy products than they need for good diets. Even when fluid milk consumption was at its peak in 1955-56, one family in four had a diet that supplied less than the recommended amounts of several important nutrients for which milk is both a famous and an economical food source.

Two-thirds of the total calcium in family diets is provided by milk and other dairy products. These foods also furnish about half of the riboflavin, about a quarter of the protein and vitamin A, 12 percent of the thiamine, and lesser shares of a very long list of other needed nutrients.

But according to our latest nationwide survey, 29 percent of the families had diets that failed to provide fully the recommended allowance for calcium, and from 15 to 20 percent failed to meet the allowance for vitamin A, thiamine, and riboflavin.

Milk is rightly called the greatest food on earth. It is one of the best buys in the entire food market.

Our latest food survey shows families to be spending an average of 15 percent of their food money for milk, cream, cheese, and ice cream. For this expenditure they get 64 percent of their supply of calcium, 45 percent of their riboflavin, about 25 percent of their protein, and many other nutrients besides. To put it another way, the American people spend about 15 percent of their food dollars for dairy products -- but they get back about 25 percent of their total food value in those products.

The diets of many persons in the country could unquestionably be improved by the use of more milk. In fact, if those whose diets now fall below the Food and Nutrition Board recommended allowance for calcium, used milk to bring calcium up to the recommended level, they would consume some 9 percent more milk. In the aggregate, this would call for the marketing of an additional 10 billion pounds of milk a year.

Why are we consuming less milk and less dairy products than we used to only a few years ago -- and less than we need?

The basic answer seems to be that the dairy industry is being out-sold -- out-promoted -- out-marketed -- by its competitors for the American consumer's dollar.

We all recognize that the more progressive elements of the dairy industry are making vigorous efforts to increase consumption by means of improved marketing and merchandising -- but, I think we must recognize also that the total effort being made is still not enough.

We in the Department are eager to do all we can through Government-industry cooperation to help the dairy industry compete effectively in the market place for American consumer dollars.

Last January, as you know, Secretary Freeman convened a National Conference on Milk and Nutrition to focus public attention on the need for a reexamination of the role of milk and dairy products in nutrition.

President Kennedy participated in this National Conference. He stressed the fact that diets that short circuit some essential food elements are of dubious service to the cause of good health.

Since that conference the USDA and the Department of Health, Education and Welfare have cooperated closely in stressing the importance of milk in the diet.

We have gone all-out in lending our educational, information, and other facilities to various dairy promotions.

We are continuing the efforts that have played a vital role in improving the quality of dairy products over the years. The industry makes extensive use of USDA inspection and grading services on butter, cheese, nonfat dry milk, and other manufactured dairy products.

The quality of dairy products begins with the quality of milk produced on the farm. If good quality milk is produced on the farm -- and if this is then processed with modern equipment, good procedures, and sanitary practices -- the result will be high quality finished dairy products. In recognition of this fact many dairy plants are now using USDA grading personnel to make periodic surveys of their plants.

A good deal of research has been done in cooperation with the industry and the experiment stations to develop improved work methods and plant layout for ice cream manufacturing plants -- in evaluating new containers to reduce the costs of packaging milk -- and in developing and improving the quality of instantized nonfat dry milk.

Within the next few months we expect to issue marketing research reports on several subjects that should prove of keen interest to the dairy industry.

Our marketing researchers report that automated and highly mechanized operations can reduce costs for special purpose plants processing raw milk into market milk and half-and-half. We estimate that an automated plant handling 35,000 gallons of milk weekly can reduce labor costs by \$26,000 a year.

The same is true of multi-purpose plants using automated and highly mechanized procedures. It is estimated that a typical plant processing market milk, half-and-half, buttermilk, chocolate drink, and coffee cream handling 105,000 gallons of milk weekly can reduce its labor costs by about \$55,000 annually.

Other research projects are underway that will help the dairy industry find out more about who its customers are -- what kind of people are not consumers -- what kind of customers buy most -- which buy the least -- which are the most likely prospects for increasing their use of dairy products.

A short time ago, economists at Pennsylvania State University reported "The Story of Adolescents and Milk." It showed that milk consumption drops off sharply in the late teens. Why? Because the young men thought drinking milk was "sissy." The girls were worried about their weight.

There's something concrete to work on.

There is some evidence that, at least until recently, milk consumption among people over 60 was higher than among younger adults.

The USDA Household Food Consumption Survey indicates that it is probably easier to sell more milk to people already accustomed to using it than it is to make milk drinkers out of nondrinkers. However, nondrinkers can be won over with well-directed efforts.

Based on the research results, I think we can build bigger markets for dairy products. I'm confident that we in Government and you in industry will work together to do so -- and that we will succeed.

But past experience indicates that it is futile to expect to bring about a sharp increase in production within the space of a year or two. The only way in which this can be accomplished is through the development of some spectacular new use or new outlet. Unfortunately, despite all the private and public research of recent years to develop new uses and new outlets, nothing has been introduced which has had a great impact on the market. Dairy outlets are still the same old standbys -- fluid milk, butter, cheese, and ice cream.

So something more must be done. We must face the problem that exists here and now. And the problem we face is rapidly developing into an intolerable situation.

Farmers are wasting their resources producing a commodity for which there is no constructive outlet. And they are making this effort at a price for milk that will not bring them a reasonably adequate income. At the same time, the Government and the taxpayers are shelling out \$500 million to \$600 million a year for a program which makes no attempt to get at the basic cause of the problem -- overproduction of milk -- a program that does nothing to offer hope, even long range, of making any improvement in dairy farmers' income.

We must have a program to bring about a better balance of production with current needs.

Yet we find many dairymen opposed to a change in the present dairy price support legislation. Some of them put it very bluntly, "Let's not shoot Santa Claus."

Well, a person can't be blamed for looking out for his own interests. A lot of people evidently believe that a dairy program in the hand is worth two in the bush.

But the fact that this kind of thinking is so widespread indicates that we have not done enough to explain the real alternatives to dairy producers.

The choice facing dairymen is not one of continuing the program they have now, or of taking on a new program involving added responsibilities.

The present dairy price support program cannot long continue as it is.

Unless the dairy industry can come up with a better and less costly program, the days of any dairy program are numbered. And the numbers are diminishing rapidly day by day, hour by hour, like a count-down at Cape Canaveral.

So the real choice is NOT between a bird in the hand and two in the bush. It's a choice between an empty hand and something better -- between no program at all, and one that will do the job that has to be done.

While I have seen no polls on the subject, I doubt that there are many dairymen who want no dairy program at all. I have heard no responsible voices calling upon the dairy industry to throw out all programs to aid the dairyman. You don't want that kind of chaos.

But this is one of the alternatives ahead and it is high time we wake up and face it as a reality. We must forget wishful thinking. We must face facts. Once we do this, the problem of settling differences over details will be relatively minor.

The Secretary has stated the Administration position -- not just as regards dairying but the whole agricultural situation -- in these terms:

"We cannot turn back to the myths of the past, nor can we cling to half-way answers. My own position is clear. Farmers should be able to choose on the one hand to regulate their production and to receive fair prices, and on the other an abandonment of all farm programs and face the decline in income which both history and economists indicate will inevitably follow."

It's true that adjustment or supply management programs entail controls and the exercise of self-restraint on the part of farmers.

But all of the laws by which we manage to live together and adjust our affairs as a people entail some controls and self-restraint.

Those who take a negative attitude and who seem to get satisfaction out of criticizing the cost of farm programs are inclined to say, "Oh, no, controls should not be imposed even by a two-thirds majority upon the minority who do not wish them."

Personally, I don't think this attitude can stand up under fair analysis. The broad choice by the majority is between the use of controls to obtain a better income on the one hand and the freedom to produce without controls and sell in the "free market" on the other hand. The fact that the majority may decide to use controls does not necessarily deny individuals in the minority an opportunity to produce as much as they want and to obtain a net price equivalent to the "free market" value.

The point I want to emphasize here is that mild controls might serve as an adequate guide to the many individual dairy farmers in making adjustments in the direction needed to maintain supplies more nearly in line with demand and thus to reduce program costs while improving farm income.

A moderate surplus marketing fee would provide a strong inducement for individual farmers to adjust in the direction needed. At the same time the freedom of each individual to choose would not be denied him. He could participate in the program or stay out, whichever seemed to him to be more profitable. If he elected to stay out, the surplus marketing fee paid on his "surplus" would help offset and reduce the cost to the taxpayer of handling and disposing of any over-all surplus.

This is a constructive and positive Administration. It is not a negative one. If problems exist, we advance proposals for dealing with them. We do not claim to have all of the answers to our agricultural problems. We do not claim to have the only answer or the best answer. We welcome other proposals or suggestions for modification of our proposals. But we believe the situation calls for constructive criticism and positive proposals -- not destructive criticism and a negative do-nothing attitude.

We hope that dairy groups will debate, analyze, and express themselves as to their sentiments on what needs to be done to solve the dairy crisis.

Members of Congress are sympathetic with the problems of dairy farmers. They will do whatever is feasible to help a dairy industry that is anxious to help itself. But neither Congress nor the USDA will force a program on anybody or any group.

We believe agriculture is on the march toward greater prosperity and larger contributions to the national well-being. We believe the dairy industry cannot only get in the parade, but that it can -- and should -- be among its leaders.

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10/2/61 Statement before

of the 43rd Annual Convention of the National

Association of State Departments of Agriculture

Hershey, Pennsylvania

UNITED STATES DEPARTMENT OF AGRICULTURE

STATEMENT OF ASSISTANT SECRETARY OF AGRICULTURE

JOHN P. DUNCAN, Jr.

Before the 43rd Annual Convention of the National
Association of State Departments of Agriculture
Hershey, Pennsylvania October 2, 1961

Because of his experience as the Governor of the great State of Minnesota, I am sure that in Secretary of Agriculture Orville L. Freeman the State Departments of Agriculture have a golden opportunity to come into their own as full partners in the administration of the laws in the regulatory and service fields with which our Federal and State Departments of Agriculture are charged.

Secretary Freeman has full knowledge of the powers and duties of State governments. He has an appreciation of the historic contribution of State Government to our American system. He has the realization that our people can best be served--farmer and consumer alike--by coordinating and, in many instances, integrating our regulatory staffs and service personnel in a joint endeavor in public service under the broad term of "agriculture".

The year 1962 marks the one-hundredth anniversary of the United States Department of Agriculture and the creation of the Land Grant College system. The Congress has passed the needed legislation and made funds available to appropriately celebrate the "Centennial Year". We will all enthusiastically join in our praise of the vision of those legislators, administrators, executives, and civic and farm leaders who created regulatory and other services, research stations and laboratories, classrooms and extension systems to help make the United States the most productive agricultural nation in history.

THE HISTORY OF THE

REIGN OF
HENRY THE SEVENTH

OF ENGLAND
BY
JAMES HALLAM
ESQ.
OF LINCOLN'S INN
IN TWO VOLUMES
VOL. I.
LONDON:
PRINTED BY J. JOHNSON, ST. PAULS CHURCH-YARD, 173.
1795.

As we observe and celebrate the Centennial Year, we must not overlook the fact that the real pioneers, in the regulatory and service fields and in research and education in agriculture, were many State Legislatures, Governors, farmer and civic leaders who created State Departments of Agriculture.

The first was New York when in 1819 the Legislature of that State created the New York State Board of Agriculture, the first such organization in our country. It was the forerunner to all the State Departments of Agriculture, the United States Department of Agriculture, the Land Grant Colleges and Universities, the Research systems and extension services. That was 142 years ago. Now, the Commissioner of Agriculture is appointed by the Governor and Don J. Wickham is, so to speak, a Cabinet Member in the Empire State.

Early next year, Kansas will hold another of a long series of Farmers Conventions to elect members of the State Board of Agriculture which, in turn, will select the Secretary who is the chief executive for the department in that state. I suppose Roy Freeland will succeed himself in that post.

In Virginia, Commissioner Parke C. Binkley is the executive officer of the Department of Agriculture and Immigration. The very name of the department is historically significant and denotes the dignity of age.

Parke is an appointee of the Governor whereas, in most of the South-eastern States, the Commissioners of Agriculture have to be politicians in the orthodox sense. They run for office. Being a Georgian, I can say that Phil Campbell is an expert in the field of practical politics.

At the Atlanta meeting of Southern Association of State Departments

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of Agriculture, earlier this year, there was unveiled a highway marker on the farm-home site of the late Dr. Thomas P. Janes, Georgia's first Commissioner, who took office in 1874.

In a real sense, you are all politicians and politics is an honorable calling. The rightful meaning of the term "politics" is the "art and science of government". Of necessity, you are practitioners of the art and are skilled in the science.

A political issue before the Congress at the recent session was the "Agricultural Act of 1961". The omnibus bill applies the principles of the marketing order system, commodity-by-commodity, on a national basis. The recent enactment includes some commodities and excludes others. If successful in meeting some of the difficult economic problems of agriculture, other commodity groups will desire to come under its provisions and the scope of the law will be expanded. Here again the leadership came from State Government--from California. I am informed that ten other states have similar laws applying to one or more commodities. Now the U.S.D.A. is following state-by-state experience.

The points I am making are these: the State Departments of Agriculture are historically old in the terms of the relatively short history of the United States; state-by-state the executive officer is chosen in a variety of ways and may even be the Dean of Agriculture of the Land Grant College, as is the case in Indiana and Maryland; the duties and responsibilities vary in each state, for in Nebraska bingo games are licensed by the Department of Agriculture; many fields of responsibility are departmentalized and spread among several agencies as in the case of

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Arkansas and Arizona.

Thus each state is, in a way, a laboratory or experimental station in government. The hope, therefore, is that these annual meetings of the National Association of State Departments of Agriculture will serve as a place to compare results.

The history, the name, the traditions of each State Department are interesting but should be permitted neither to stifle adaptation to the needs of changing times nor blind to us to the necessity for reorganization to render greater efficiency in the administration of regulatory laws and service functions.

A hodge-podge, state-by-state approach, to say the least, can be confusing. This would be the case if every state, as an entity, ignored the necessity for states to work together and with the Federal Government. In this day and age corn and wheat are not ground at a nearby mill, livestock is not sold to a drover or local butcher, and science has found out about vitamins, anti-biotics, and herbicides.

Even with a higher degree of uniformity in the delegation of powers and duties by State Legislatures, each State does have wide variance in organizational structure and in laws to meet local conditions and problems.

I commend your regional organizations for working with the Council of State Governments and urge greater consultation with the help of that agency. This can help remove some rough spots and promote greater uniformity and improved working relationships among states.

In my opening remarks I commended Secretary Freeman to you as a man

who has transferred from the Office of Governor to that of United States Secretary of Agriculture. To some this change in his career would be described as a "move up the ladder of politics and government". I do not believe the Secretary feels that way about it. He respects State Government. He respects State Departments of Agriculture and the heads of these agencies. He would like to see a two-way partnership develop between the State Departments of Agriculture and the U.S.D.A.

Here are some of the suggestions I would like to make.

Having traveled with Secretary Freeman on several occasions, recently, we have frequently discussed Federal-State relations. We agree that you State officials are close both to farmers and consumers in many ways and have a practical approach to their problems, needs, and prejudices.

At some date between November first and the end of the year, Secretary Freeman is planning to hold a series of four, one-day sessions when your regional Association members can meet with him and some of his associates for a "brain-storming" session. These conferences are to emphasize Federal-State relations and will be related to those fields in which the State Departments and the U.S.D.A. have a common concern, such as in regulatory and service work, farmer-consumer relations, and programs for the purpose of enhancing the income of our farmers and rural communities.

Early in this new Administration, Secretary Freeman emphasized the fact that farmers are now but 9 percent of the population and that, unfortunately, a high percentage of the 91 percent who are non-farmers have some misconceptions about the problems of farmers and related agricultural industries.

You recognized this situation a year ago at your annual meeting in Denver when you adopted Resolution No. 20 setting up a Farmer-Consumer Relations Committee representing State Departments of Agriculture.

Those of us who are enjoying the privilege of serving on Secretary Freeman's staff and our colleagues--the career men in the Department--are aware that there are areas of confusion, lack of uniformity of working relations between the U.S.D.A. and the various State Departments; inequities in the distribution of Federal and State (I emphasize "and State") funds--to States and by States in joint Federal-State regulatory and service endeavors. Since many of these fields come within my jurisdiction as Assistant Secretary of Marketing and Foreign Agriculture, I propose that your National Executive Committee arrange a conference for me and my associates to see if we can develop a course of action to bring about improvements.

In closing, let me assure you that I speak for the Secretary when I say that we in the U.S.D.A., like you, fully realize that agriculture is experiencing an economic revolution, that farmers and small-town people in rural areas are suffering economically and socially because of this revolution. We are united in our desire to make adjustments to meet the changed and changing problems with new ideas. We need to compare notes frequently and we need a means to exchange ideas and to discuss and debate the issues. Above all, we must have confidence in each other.

It is essential that we have good working relationships between the United States Department of Agriculture and the State Departments of Agriculture.

The first part of the paper discusses the importance of the study and the objectives of the research. It also mentions the scope of the study and the limitations of the study.

The second part of the paper discusses the methodology used in the study. It mentions the data sources and the data collection methods used in the study.

The third part of the paper discusses the results of the study. It mentions the findings of the study and the conclusions drawn from the study.

The fourth part of the paper discusses the implications of the study. It mentions the practical implications of the study and the theoretical implications of the study.

The fifth part of the paper discusses the limitations of the study. It mentions the limitations of the study and the limitations of the study.

The sixth part of the paper discusses the conclusions of the study. It mentions the conclusions of the study and the conclusions of the study.

The seventh part of the paper discusses the recommendations of the study. It mentions the recommendations of the study and the recommendations of the study.

The eighth part of the paper discusses the future research. It mentions the future research and the future research.

The ninth part of the paper discusses the references of the study. It mentions the references of the study and the references of the study.

To approach our mutual problems in any other way would be false to our trust.

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A STORY OF PROGRESS

Address by John P. Duncan, Jr., Assistant Secretary for
Marketing and Stabilization, before Vegetable Growers
Association, Indianapolis, Indiana, November 26, 1962,
10:30 a.m., EST

I want to talk with you this morning, first, about the agricultural picture in general, and then more specifically about your industry.

When this Administration came into office in January 1961, the situation confronting American farmers was alarming. Farm income was low--and it appeared likely to fall still lower. There were huge surpluses of wheat and feed grains on hand--and they appeared likely to grow still larger. Costs of the farm program were high--it seemed inevitable that they would become still higher. The outlook was grim. It surely would have grown worse under negative policies--no controls and no price supports except at disaster levels.

Vegetable growers would have shared in the distress and disaster that a negative policy would have inflicted on American agriculture as a whole. As farmers producing the large acreages of our major staple crops found them increasingly unprofitable, they would have turned in desperation to production of other crops--among them vegetable crops. And the consequence would have been new surpluses--and new distress for your industry. As you know better than I do, when the production of vegetable crops is too large relative to current demand, the immediate result is price collapse--for the perishable vegetable crops cannot be stored.

This is a positive Administration. In agriculture, as elsewhere, when the situation is bad we seek positive steps to improve it.

As we viewed the situation early in 1961 there was definite need for supply-management programs for some commodities to bring about better adjustment of supplies in line with demand. Supply-management may call for upward adjustments as well as downward adjustments in production. It does not mean just cut-backs and restrictions on production or rigid controls.

As we near the end of 1962, it is natural to look back over our shoulders to see how far we have come--how successfully we have pushed ahead toward our goals. I think we can do that this year with a feeling of satisfaction. We have a story of positive progress to tell--a story of upswing that is of direct and personal interest not only to farmers but to everyone in rural America, and indeed to every citizen wherever he lives and irrespective of the work he does.

The progress we have made is of primary concern to farmers because it directly affects their income.

It is of concern to the residents of our rural communities because it offers a brighter future and greater economic opportunities for rural America as a whole.

And it is of concern to all our citizens because it directly affects the spending of their tax dollars and the use of America's natural resources for recreation and healthful exercise as well as for food and fiber.

Let's look at this story of progress in a little more detail.

First, income. Farm operators' net income in both 1961 and 1962 has been about \$1.1 billion higher than it was in 1960--and at \$12.8 billion it is the highest since 1953. In 1960, the total per capita income of persons on farms amounted to \$1,255. In 1961 it was \$1,373. Every indication is that it will increase another three percent this year. Per capita farm income is now in excess of 60 percent of that of nonfarm persons. It is still below what it should be, but it is rising.

We are making progress.

A second great area of progress relates to efforts now being made to increase the standard of living in rural America. One of the major efforts of the Department over the past two years has been directed toward (1) building a vigorous rural development organization in rural counties throughout the country--(2) reorganizing key agencies of the Department under one Assistant Secretary--and (3) working to obtain new legislative authority to carry out our goal of revitalizing rural communities. Many tools have now been provided for creating new economic opportunity in rural communities.

As for the third area of progress, it is clear that our farm production overall is in better balance with markets and needs now than it has been for years. The huge stocks of feed grains and wheat are being cut down. We have every reason to hope that the reserves of these commodities will be reduced to the levels needed for stabilization and security by the mid years of the 1960's.

I have been talking thus far about agriculture in general--rather than about the specific interests of vegetable growers. But this is our common concern. It is directly related to your welfare. Though agriculture is greatly diversified, it still holds true that the interests of agriculture as a whole affect the well-being of agriculture in every one of its parts.

I know we have been accused of wanting to control and dictate to American farmers. But this is just not so. This Administration wants agriculture to operate under as few controls as possible--and where it is practicable, under no controls whatsoever.

But the plain facts are that some crops, over the years, have been produced in excess of our ability to market them. This has resulted in a huge buildup of these commodities, especially feed grains and wheat.

Massive surpluses have hung over the market, driving prices down with painful consequences for our farm people. At the same time, these surpluses have laid an increasingly heavy burden on taxpayers, who are asked to foot the bill each year for handling, storage, and other charges.

Nor are these the only effects. By depressing farm income, the surpluses cut back agriculture's purchasing power. And this is felt not only in fewer jobs and lower income in rural America--it is felt eventually on Wall Street and Fifth Avenue in New York, on State and Madison in Chicago, and on Main Street, USA.

Recent agricultural history has clearly shown that it is not enough simply to tell producers of chronic surpluses, such as wheat, corn, and cotton, that the supply is too big and that production should be reduced. They have not been able to do so.

We feel it is the responsibility of the Government to help farmers do together what they cannot do alone. We feel supply-management is one tool to accomplish this goal. These are the facts that have caused us to adopt a supply-management approach. A problem of overproduction exists. It has existed for years. As a constructive and positive Administration, we have had a responsibility and an obligation to advance proposals for dealing with the problems.

Supply management can be accomplished in different ways. In agriculture it means essentially the taking of positive action to bring about a reasonable balance between supply and demand. For farmers this has the purpose of helping them to obtain fair prices for their products.

Let me illustrate in terms of the action taken on feed grains and soybeans. Under the voluntary feed grain programs farmers have been offered payments for shifting acreage from corn and other feed grain crops to soil conserving uses. The carryover was around 3 billion bushels, corn equivalent, as of October 1, 1961. It will be around 2.2 billion bushels on October 1, 1963, and will be reduced further by the 1963 crop program.

The situation for soybeans was the opposite of that for feed grains--supplies actually were short. To achieve the adjustment needed price supports were increased, and farmers increased production. Supplies now are adequate, but in no way burdensome.

As a definite principle, we believe that controls of whatever kind, in agriculture or outside of it, should be as mild as possible to accomplish the desired objectives. We believe that controls should be used only when they are consistent with the public interest. We believe that the extent and degree of such controls must be decided by the Congress. And finally, we believe that the ultimate decision as to the application of any specific control program should be decided by the producers themselves voting in a referendum.

What does this mean as applied to the vegetable industry? It means that we applaud your efforts to work out your problems yourselves. It means that we expect you to debate, analyze, and express yourselves on matters affecting the industry as you have in the past. It means that we are sympathetic toward efforts to meet your problems through group action.

And finally, it means we will continue to provide services to assist you--and that you will use them or not according to your own best judgment.

During the next few minutes I want to talk with you about those services. We in the USDA have the feeling that many people--including some of those who most benefit from agricultural aids and services overlook those services because of the concentration of argument over price supports.

Among these aids are the Market News Service, the development of U.S. Grade Standards, and the Federal-State Inspection Service--all of which are provided by USDA's Marketing Service and are widely used by the vegetable industry.

The Market News Service collects information and issues reports on market conditions, prices, and movements of most commercially-grown fresh vegetables. To do this, year-round offices are maintained in 23 of the largest terminal markets and in 11 major shipping areas. In addition, seasonal shipping point offices are operated in from 25 to 30 shipping areas during the active harvesting and marketing seasons.

Thus you have available daily market reports providing essential information on which to base your marketing decisions.

Your industry makes extensive use of U.S. grade standards for both fresh and processed vegetables. There are approximately 150 grade standards in effect for fresh fruits and vegetables and a like number of processed products.

The Marketing Service operates an impartial, third party inspection service for the official application and interpretation of these standards. During the past year, the equivalents of 1.6 million carloads of fresh fruits

and vegetables were inspected. Of this total, about 700,000 carload equivalents were raw products for processing. The inspection determined the payments to be received by growers from processors.

Next, I want to point out the aid we provide in helping you adjust the supply-demand balance.

We try to help you take the guesswork out of planning your production by issuing Acreage-Marketing Guides for the major vegetable crops.

Each guide is actually an analysis of the market for that crop. They are the best available estimates of how many vegetables consumers will want and how much acreage will be needed to produce them.

Many fruit and vegetable growers use marketing orders to build stable, orderly markets for their crops and improve their returns. Orders are now in effect for 45 different fruit, vegetable, and tree nut crops grown in 27 States. The products handled under these programs have a farm value of more than one and a quarter billion dollars a year--40 percent of the farm income from all our fruit and vegetable crops.

Despite your best efforts, and ours, however, it happens periodically that the vegetable market is depressed due to an overabundance of supplies. Here again our USDA Marketing Service offers several forms of aid.

All of you are familiar with the Plentiful Foods Program, which seeks to move abundant foods to consumers through regular retail and food service outlets. We work with private enterprise and use accepted and time-honored merchandising practices and standards.

In 1961 and 1962, potatoes were carried on the Plentiful Foods list twelve times. They were a featured item in February of this year. This allowed producers and retailer to sell hundreds of thousands of tons of

potatoes that ordinarily would not have been moved. The same is true of many other vegetables in abundant supply during the past spring and summer.

The enthusiastic response of food trade groups to the Plentiful Foods Program lies in the basic good sense behind it--and in the knowledge that it helps everyone and hurts no one. It brings a bigger return to the farmer, more sales to the retailer, and good, wholesome foods at reasonable prices to the consumer.

Occasionally--usually in limited areas--heavy harvests of vegetables cause market gluts that defy the best merchandising efforts. Then we take action under our surplus-removal authority. Here again, the direct distribution programs provide the channels for getting these foods to the people who need them--usually through schools and charitable institutions.

As vegetable growers, you benefit also from the Food Stamp Program. We started this program in 1961 in eight pilot areas. It proved so successful that during this fiscal year we are expanding it to a total of 45 counties and three cities in 23 States. Our surveys of stores participating in the program indicate that it increased food sales, measured in dollars, by about 8 percent.

Studies in the pilot areas show that the use of vegetables--and I'm talking about both quantity and value--among food stamp families was greater under the program than it had been previously.

The National School Lunch Program represents an important and growing market for a variety of foods. Our standards for what we call the "Type A" school lunch require that each participating child be served specified amounts of a variety of foods to provide a balanced, nutritious meal. This requirement includes 3/4 of a cup of at least two vegetables

and/or fruit items. With some 15 million children now eating daily lunches under this program, you can see that it adds up to a sizeable market for your produce. These markets are right at your backdoor, too. About 80 percent of the foods used in the National School Lunch Program is bought locally by the participating schools--at a cost of more than \$600 million dollars a year.

And, of course, another area of activity that is of the utmost importance to your industry in the long run is research: Production and utilization research/^{is}conducted by the Agricultural Research Service and marketing research/^{is}carried on by the Agricultural Marketing Service.

New and improved vegetable varieties are constantly being developed. Plant breeding research has recently yielded new potato and hybrid onion varieties. Studies of new crop germ plasm throughout the world are yielding many outstanding vegetable varieties, including cucumbers, lettuce, sweetpotatoes, tomatoes, and peas.

In the area of marketing research, we are hard at work on many projects of importance to your industry.

We are seeking ways of improving marketing facilities, transportation facilities, work methods and equipment, and the wholesaling and retailing of farm products. It is a very broad effort.

You have a special stake in many of these projects. You know that the reaction of consumers to the vegetables they buy depends on the condition of the produce--and this depends on how your vegetables are handled by the many people who take them through the whole course of marketing.

Today's vegetables are handled better, at lower cost, because of methods and facilities developed by marketing research.

Your fresh produce goes to market under the best temperature and humidity conditions in railcars and trucks--because the transportation industry is making practical use of our research recommendations.

Our research has developed retail display methods that keep vegetables fresh longer, to maximize sales and reduce spoilage.

We are experimenting with a variety of instruments that may lead to greater accuracy in the grading of vegetables and reduced sampling losses. One of these--we call it a difference-meter--can see inside fruits and vegetables without cutting them open. It is now being used in the laboratory and in field tests to determine the maturity of tomatoes, detect hollow heart in potatoes, and reveal various other disorders in fruits and vegetables. These eventually will mean a better product for consumers, at lower cost, and better returns for you, the producers.

We believe this work is important to you. We believe it is work you want done. But we'd like to hear directly from you more often, as to what you think of it. We'd like your ideas and suggestions as to how we can strengthen it and make it still more useful to you.

We live in a highly competitive age--an age of rapid change. It affects you as it does all of agriculture.

Total production of vegetables in 1961 was one-fourth larger than in 1950. Fresh market production gained 13 percent, and production for processing nearly 60 percent.

As you know, most of the increased production of fresh vegetables is concentrated in a few States. This concentration of production, however, is greatly overshadowed by the growing concentration of buying power in the produce industry. This looms as one of the significant problems now facing the vegetable industry--fewer and fewer large-volume buyers. With an ever smaller number of buyers having an ever-increasing bargaining power, growers will be at a worsening disadvantage unless you can counter this trend with large-volume selling organizations of your own capable of carrying out a dynamic merchandising program.

Such a merchandising program would need to provide large quantities of dependable quality produce to a larger number of supermarket outlets--carefully graded and sized produce, uniformly packaged and with a continuous and dependable flow of the commodity to those outlets.

May I suggest that the Vegetable Growers Association of America give this problem the most earnest consideration.

If we keep alert to changing conditions and act decisively to meet their challenge, agriculture can march steadily toward greater prosperity and larger contributions to the national well-being. We believe the vegetable industry can not only be in the parade, but that it can--and should--be among its leaders.

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The first part of the paper discusses the importance of the study and the objectives of the research. It also provides a brief overview of the methodology used in the study. The second part of the paper presents the results of the study and discusses the implications of the findings. The third part of the paper concludes the study and provides some suggestions for future research.

The study was conducted in a laboratory setting and involved a series of experiments. The results of the experiments are presented in the following tables and figures. The first table shows the results of the first experiment, which was designed to test the effect of temperature on the rate of reaction. The second table shows the results of the second experiment, which was designed to test the effect of concentration on the rate of reaction. The third table shows the results of the third experiment, which was designed to test the effect of catalyst on the rate of reaction.

The results of the experiments show that the rate of reaction increases with increasing temperature and concentration, and decreases with increasing catalyst. These results are consistent with the theoretical predictions of the reaction mechanism. The implications of these findings are discussed in the following section.

The study has shown that the rate of reaction is affected by temperature, concentration, and catalyst. These findings have important implications for the design of chemical processes. For example, the results of the study can be used to optimize the conditions for the reaction, such as temperature, concentration, and catalyst. This can lead to improved efficiency and reduced costs in the production of chemicals.

The study also has implications for the understanding of the reaction mechanism. The results of the experiments provide evidence for the proposed reaction mechanism, which involves the formation of a transition state. This understanding can be used to develop new catalysts and reaction conditions for the reaction.

In conclusion, the study has shown that the rate of reaction is affected by temperature, concentration, and catalyst. These findings have important implications for the design of chemical processes and the understanding of the reaction mechanism. Further research is needed to explore the effects of other factors on the rate of reaction and to develop new catalysts and reaction conditions.

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Address by John P. Duncan, Jr., Assistant Secretary for
Marketing and Stabilization, before ASCS State Committee,
Conway, South Carolina, December 4, 1962

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I consider it a privilege indeed to be with you tonight at
this important banquet meeting. I've been looking forward to it --
not only because I welcome the opportunity to get better acquainted --
but because I would like to see meetings of this kind held all over
the country.

We can never have too much exchanging of ideas and viewpoints
between farm and city people. In recent years we have not had enough.
And as the shift of population from farm to city goes on -- so that
today for the country as a whole less than one person out of 12 now
lives on the farm -- this exchange of ideas and viewpoints becomes
increasingly vital. The reason is obvious. Our farm population has
grown smaller, but the importance of agriculture in the national
economy has become greater.

The national economy today, as always in the past, stands
on the shoulders of agriculture. Agriculture produces the two
most basic of economic goods -- food and fiber. Agriculture still
is a tremendously important customer for the products of American
business and industry. Agriculture still provides most of the raw
materials used by industry. And finally, the rapidly growing efficiency
of American agriculture has been, and still is, the sharpest economic
difference between the United States and the Soviet Union today.

American agriculture produces an abundant variety of food and fiber with about 6 million persons. The Soviet Union, on the other hand, produces less abundantly and a far less varied selection of commodities with close to 50 million persons employed in agriculture.

In view of what I have just said, I think it is obvious why I consider this meeting and others like it crucial to the welfare of America.

For almost two years now I've been on the staff of Secretary of Agriculture Orville L. Freeman. On the basis of what I've seen and learned in Washington and all around the country, I'm going to talk very frankly about the agricultural situation.

First, what about the new farm law -- the Agricultural Act of 1962? Well, as you know, this is a compromise measure. It doesn't provide all that we wanted -- or that farmers and the nation need. But it is a step forward. It's a vote of confidence for sensible long-range programs. It recognizes that the needs of the farmer and of the rural community can best be met in the 1960's through a double barreled approach of supply-management, to deal with abundance, and the infusion of new resources to create new opportunities for those who live in rural America.

It will enable farm and rural people to continue making progress toward better living. It will cut down further the feed grain and wheat surpluses. It will reduce the tax cost of farm programs. And it will protect the gains in farm income of 1961 and 1962, while at the same time assuring fair food prices to consumers.

No doubt you've gathered from what I've said thus far that we in Washington are happy and a little proud of what has been accomplished in the past 22 months. We are happy about it. We are proud of it.

We're happy that farm income both last year and this rose to \$12.8 billion -- 1 billion, 100 million more than in 1960 -- and the highest farm net income since 1953. We have some pride in the fact that net income per farm rose from \$2,961 in 1960 to \$3,360 in 1961 -- a gain of 13-1/2 percent. We take satisfaction in knowing that the per capita personal income of farm people rose from \$1,255 in 1960 to \$1,373 in 1961 -- and that it is still higher this year.

What has this progress meant to the State of South Carolina? Are South Carolina farmers sharing in it?

Total cash receipts from South Carolina farming, including government payments, increased by \$34 million from 1960 to 1961. They're running even higher in 1962.

While cotton receipts remained about the same, tobacco was up from \$91 million in 1960 to roughly \$100 million in 1962. Receipts from livestock products rose from \$106 million to \$110 million.

Total realized gross farm income in South Carolina was \$450 million in 1961, compared to \$419 million the year before. Net realized income per farm averaged \$2,130, compared with \$1,783 in 1960.

We could go down the line for a long time reading the record of the agricultural upswing.

Agricultural exports set a new record for 1961 and they're on the way to another record in 1962.

The Food for Peace Program has been increased by about 50 percent in the past two years.

Rural credit extended by the Farmers Home Administration has been more than doubled. More credit has been made available to rural America than ever before.

In fiscal 1962 the Department made and insured loans of more than \$13 million in South Carolina, compared with less than \$10 million in 1961 and about \$8 million in 1960. Some 6,800 farmers and other rural people in South Carolina now hold loans from Farmers Home Administration.

It's the same story for electric power and telephones. In the last two years REA has approved nearly \$9 million in electric loans in South Carolina, and \$7 million in telephone loans, bringing more electric power and telephone communications to more South Carolinians.

Over 14 million children are now getting good lunches in the School Lunch Program -- almost 1-1/2 million more than two years ago. About 1,200 South Carolina schools and 333,000 South Carolina children participate.

The Special Milk Program is now operating in 88,000 schools and other institutions -- 4,000 more than in 1960. Here in South Carolina 20 million half-pints of milk were served under this program in fiscal 1962.

This is a very fast run-down of some of the progress that has been made. In addition, however, I want to point out one more thing.

By 1964 our feed grain stocks will be near the level needed for reserves. The surplus will be almost gone. And by the time the 1965 wheat crop is marketed, we should have about half as much wheat in storage as we had in 1961 -- about the level needed for reserves. The wheat surplus, like the grain surplus, will be nearly gone.

Already the 1961-62 feed grain and wheat programs, despite a bountiful crop year in '61 have reduced CCC surpluses by about 800 million bushels of corn equivalent and 150 million bushels of wheat.

We have achieved and will continue to achieve these results while raising -- not lowering -- farm income. And while maintaining price stability and sharing our abundance with others.

South Carolina farmers are doing their share to make these programs work. Around 18,000 farms in South Carolina participated in the 1961 feed grain program, diverting over 200,000 acres and receiving a total of \$4,200,000 in diversion payments.

Of the 61,000 corn and grain sorghum farms in South Carolina, 23,643 signed up to participate in the 1962 feed grain program, with about 292,500 acres signed up for diversion. Total diversion payments are more than \$5 million.

Although South Carolina is not a major wheat producing State, 36,500 South Carolina farms were eligible for the 1962 wheat program. Of these 24,680 were signed up. Total payments came to more than \$3 million.

The Agricultural Act of 1962 will enable us to continue these gains. In addition, we feel that the Act gives a new direction to farm policy - the first new direction since the 1930's. For the

past 30 some years -- except for the war years -- the nation has been concerned primarily with the problem of overproduction.

Now there is a new aspect of this Administration's farm program -- the Rural Areas Development effort. This program is a recognition by Congress, itself, that rural community problems, as well as farm commodity problems, must now be considered in developing farm legislation.

We seek to build rural America. We seek to end rural poverty by building new resources in the country.

In summary we are moving ahead with what we believe to be the best farm programs in 30 years. But this does not mean that we can feel satisfied. Our farm objectives for the 1960's -- abundance, balance, conservation, and development -- are still far short of realization.

The struggle for these objectives, in fact, is only beginning.

And while we have made progress in dealing with feed grains and wheat, the problems of tobacco and cotton urgently demand attention.

Here are the latest developments in the tobacco situation.

On November 2, 1962, the Secretary of Agriculture named a National Tobacco Industry Advisory Committee. The committee is composed of representative tobacco growers, auction warehousemen, domestic and export dealers, domestic manufacturers and technical personnel from Land Grant Colleges.

The committee met in Washington two weeks ago. It devoted most of its attention to the immediate problems facing the flue-cured tobacco industry. The committee expressed concern over the quantity of

flue-cured tobacco being acquired by the Flue-Cured Tobacco Cooperative Stabilization Corporation under the Government's price support loan program for this marketing season. Much of this tobacco is unacceptable in the domestic and foreign trade. The committee also expressed concern about the effect the use of maleic hydrazide (MH-30) might have on the usability and desirability of our tobacco for domestic and export use.

Some recommendations were made. One urged growers to consider increased planting of those varieties which under normal practices produce a larger quantity of acceptable tobacco. For the 1963 flue-cured tobacco crop, the committee recommended that the Secretary make the minimum reduction possible under the law. The Secretary was urged to solicit the aid of farm and industry leaders in impressing upon producers the need for growing more acceptable tobaccos for domestic and export use.

Another recommendation was that subcommittees be named by the committee to work with USDA on reviewing inspection procedures and grade standards for tobacco of all types. The objective here is to see that the procedures and standards will more adequately reflect current standards of usability and desirability demanded by the market. Corresponding grade price support rates under the Government price support program will also be reviewed.

Last Friday the Secretary announced the marketing quota and acreage allotment for the 1963 flue-cured tobacco crop. The result is a reduction of five percent in acreage allotment for most farms

from that in 1962. He also announced that two additional varieties -- Reams 64 and Coker 316 -- would be added to the list of discount varieties for one-half price support during the 1963 crop. In announcing these discount varieties the Secretary urged growers to consult with extension agents and experiment stations people for advice on varieties of flue-cured tobacco to plant in 1963. Some varieties, when grown under controlled conditions and recommended practices, will produce acceptable tobacco. But when they are grown under field conditions they usually produce a high proportion of tobacco without the mature, ripe, and grainy characteristics desired by the trade.

In view of the recommendations made by the Tobacco Advisory Committee with respect to quality factors in flue-cured tobacco, this subject will be considered at hearings, expected to begin about mid-December, as announced by the Secretary on November 27. At the same time, Secretary Freeman announced that no action on the committee's recommendation concerning MH-30 would be taken prior to public hearings.

Growers have worked over the years to make the tobacco program the success that it is. They have taken cuts in acreage when needed and they have asked for adjustments in price supports when they felt the need for more competition in foreign markets. The problems that have developed this year can be solved but they must be attacked by concerted action of all leaders.

Now let us take a look at cotton. As you know Secretary of Agriculture Freeman has announced the 1963 marketing quota and acreage allotment for next year's cotton crop. The quota for 1963 crop has been set at 14,367,000 bales. The allotment is 16 million acres with a reserve of 250,000 acres. This represents a cut from the quota and allotment in effect on the 1962 crop. This cut was dictated by provisions of existing law which are designed to bring estimated production into line with estimated demand. We have done this reluctantly -- because the law requires us to do this.

This is not the final action, however. We hope and expect that these quota and allotment figures will be changed by the Congress before planting time next spring. But it will require new legislation.

As you know, President Kennedy has announced he will recommend legislation to remove the inequity in the present two-price cotton system. He has directed the Department of Agriculture to make recommendations to him on ways of accomplishing this aim. The legislation would also aim at increasing domestic consumption of cotton and contain other provisions which would permit increases in acreage to be planted to cotton next year and in following years.

The Advisory Committee on Cotton has made suggestions to the Department on ways of doing this and the Department is studying them. It will consider views of other interested groups in the cotton industry. It is still too early to speculate on the details, but we are hopeful that we have found the proper direction, and we are confident we will be able to send a comprehensive cotton program to the President before the new Congress meets in January.

It is extremely important to work out a program that is fair to all interested groups. Producers and representatives of producers can contribute toward this. They can help by understanding why the problem has come about, and why it is necessary to improve the legislation -- and why the industry needs to work together.

Now turning again to the agricultural situation in general, I think it is obvious that agriculture stands at a very important fork in the road. Within a very short time we must decide as a nation which road to take. The decision has not yet been finally made. The nation may make it next year, or it may continue to temporize and put it off for two, three, or four years. But within that time, just as surely as I stand here, agriculture's going to take one turn or the other.

One turn of the road is in the direction indicated by those who do not believe in any price and income program for agriculture. It's the direction popularized by the Committee for Economic Development, a group of business leaders who came out this year with their version of a farm program for this nation. What their proposal boils down to is not to have a farm program at all -- just turn agriculture loose and let the so-called free market take over. The CED program would provide a five-year transition period, during which about 2 million people would be pulled or driven or kicked by economic strangulation off the farms. After that there would be no more farm programs -- and agriculture as we know it would be a few pages in the history book -- the agriculture on which the nation's health and strength rest.

Now, though this is called the CED program, it is really much more than that. It's the program of all those who do not believe in an intelligent supply-management approach. It's the program not only of the businessmen who make up the CED, but of the no-program group in the Congress and in one of the major farm organizations.

I know they say they are for price support programs that will prevent disaster. But the truth is that, in the absence of a supply-management approach, there just "ain't" no such animal.

The point I'm making is that this fork in the road at which agriculture now stands goes off in just two directions. There is no third road marked: Price Support Without Controls That Will Prevent Disaster. That route is marked "dead end." Agricultural programs cannot go on straddling indefinitely. There are only two alternatives -- eventually the no-program group will prevail or an intelligent supply-management program will make possible an orderly adjustment of American agriculture to modern conditions.

And the choice is going to be made--made soon--made either by us or for us. If we just go along fighting among ourselves, disunited and disorganized, speaking with a "Babel" of tongues, the choice will be made by the CED -- or by others who do not understand and are not in sympathy with agriculture's problems. And that choice will be the no-program road.

And if that happens who do you think is going to survive? The efficient farmer? Not at all. Efficiency will have very little to do with it. The farmer who survives will be the one who is plenty well heeled. The man with \$100,000 of resources to fall back on will outlast the man with only \$10,000. The man who can get together one-half million dollars of resources will outlast the man with \$100,000.

And finally, if the process is carried to its culmination we may wind up with a handful of people controlling agriculture. The American family farm system that has been the backbone of our agriculture--yes, the backbone of our whole economy down through the years--we could wind up with that system washed out--eliminated. And the family farmer would not be an individual, free and independent operator any more, but an employee.

Now that's one road and it's a road we don't want to follow. It's a road we never will follow if farmers all over this country rise up and speaking with a united voice -- say clearly and plainly that they stand for common sense in agriculture and that they're not going to stop yelling for it, and working for it, until they get it.

The common sense road is to recognize that agriculture must do what industry and labor have done--that is, adjust what we put on the market to the demands of that market. It isn't easy for agriculture to do this. No individual farmer and no one group of farmers can succeed in doing it alone. But farmers working together through common sense programs can succeed--and we must succeed not only in our own interests but in the interests of this great Nation of ours.

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July 13, 1963

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May I thank you for inviting me today to this festive occasion here in the San Joaquin Valley. This is a momentous event -- the dedication of the

Spreckels Sugar Company's new plant, a dynamic contribution to the economy of California and the nation.

It is an altogether exciting experience just to be here in the No. 1 agricultural state of the Nation and to look around at this enormous plant and its towering sugar silos, realizing what it means to so many people.

This dedication is the climax of two years of construction work here at Mendota, and months of grower preparation in the fields for your "campaign" that is now beginning to turn sugar beets into the sparkling crystals that mean zest and energy and life. I am happy to be a participant in your ceremony.

You know, I'm from the Southeastern part of the United States, and used to farm in my native state of Georgia. I was a cotton, tobacco and peanut farmer. I raised corn and watermelons. And I'm an old sugar-cane grower, too. So, I know a little something about the sugar industry.

But since becoming Assistant Secretary of Agriculture, I have found it a fascinating study to learn more about your sugar beet industry -- about the versatile sugar beet, itself, and its contribution to our health and our economy and our joy of living. I have learned more about the processes of growing and harvesting the crop -- and about the industrial methods of producing from this crop the refined sugar crystals that go into our dinner tables.

In studying this industry, I have learned that California is by far the largest sugar beet producing state in the nation, and has been No. 1 in beet sugar production for many years.

(more)

Address by Assistant Secretary of Agriculture John P. Duncan, Jr., at the dedication of the new Spreckels Sugar Company plant in Mendota, California, Saturday, June 13, (10:00 a.m.)

And now this is another "first" for California -- this new beet sugar factory is the first to be built in the United States in nearly ten years.

The importance of this new plant to California can scarcely be over-emphasized, when you look at production figures of the recent past. In 1961, a total of more than 250,000 acres of sugar beets were planted on 2,388 farms in California and marketed 4.6 million tons of sugar beets that year.

This new plant will make it possible for Fresno and surrounding counties to vastly increase sugar beet production this year and in future years.

It is easy to see that California and Spreckels are leading the way into the start of a new era of growth for this industry. Two more new plants are under construction elsewhere in the United States -- one in Texas, scheduled for completion in 1964, and one in North Dakota, to be ready for the 1965 crop. Two more are on the drawing boards, one in South Dakota, and another in Arizona, and they, too, will be ready in 1965.

The present tight world sugar supply situation demonstrates the wisdom of the Congress last July in encouraging greater domestic beet sugar production, through passage of the "national sugar beet acreage reserve" program.

Last October, Secretary of Agriculture Orville L. Freeman announced the commitment of 19,000 acres of the national sugar beet acreage reserve to farmers in the four California counties of Fresno, Kings, Madera and Tulare for this year's crop now being processed in this great new plant. This commitment also included the assurance of a like acreage for the next two crops -- in effect a guarantee.

These 19,000 acres in these four surrounding counties are expected to yield this year about 45,000 tons of sugar.

Many growers will share in this program because of the limitation that not more than 100 acres from the reserve may be contracted for on any one farm.

Thanks to a strong domestic sugar industry, and what we believe to be a sound government policy, we do not face any sugar shortage in this nation despite a tight world supply situation.

As Under Secretary of Agriculture Charles S. Murphy testified before a Senate committee a few weeks ago, sugar supplies for the United States are more than ample to meet consumer needs for 1963. This is true, even though the quantities available for export in the free world are much smaller than in recent years.

As a result of actions taken by the Department of Agriculture within recent months, we have sugar on hand or committed to the United States for this year totaling more than a half million tons more than last year's entire national consumption.

Latest crop reports indicate domestic sugar production this year will be one million tons higher than last year, which gives consumers additional assurance of adequate sugar supplies next year. Current prices are still somewhat higher than is warranted by the supply outlook and are still above the price objective contained in the Sugar Act.

This assurance of plentiful supplies available to us should help eliminate uncertainty in our markets, discourage speculation and contribute to bringing prices back to reasonable levels and stabilizing them.

An essential objective of the Sugar Act is to provide adequate supplies of sugar to consumers at a price which is fair both to them and to producers.

Any concern there may have been as to the ability of the domestic areas to do their share in supplying the nation's sugar needs was dissipated by the Crop Report which the Department released on Wednesday -- just three days ago.

(more)

USDA 2345-63

This report shows that sugar beet production this year is expected to be almost 20 percent above the record crop of last year, and Florida and Louisiana are expected to have a sugarcane crop 30 percent larger than last year's. Right here in California both your acreage and your expected production of sugar are almost 25 percent above last year's.

The advantage to the sugar industry and the American public of the Sugar Act and its program of protecting the grower and consumer, was very well stated by Under Secretary Murphy in his testimony to the Senate Finance Committee.

"Let me say that all of us should be grateful for our Sugar Act and the assurance it makes possible for sugar at this time", Mr. Murphy told the Senators.

"It should be abundantly clear that U. S. Sugar supplies today would be infinitely more precarious if we had not had the protection of this law and the quota system over the past 30 years.

"U.S. farmers today are producing and the U.S. processing industry is manufacturing six million tons of sugar that constitute nearly 60 percent of our sugar supplies. The protection that the Sugar Act has afforded over the years has maintained a healthy and growing domestic sugar industry that which is indispensable in such a period of world shortage."

Indeed this Sugar Act has worked most successfully and the program is one of the best we have in agriculture.

I would not go so far as to draw a strict analogy between the operation of the sugar program and the industry with the miracle of nature's process through which the beet plant itself manufactures and stores sugar with incredible efficiency. We can't claim any such perfection as that, even in this highly developed industry.

(more)

USDA 2345-63

Yet, it is interesting to note some similarities between nature's own marvelous sugar factory -- the beet -- and the processes man has learned to use in growing and harvesting the crop and in extracting the finished product.

We know that the leaves of the sugar beet plant draw carbon and oxygen from the air in the form of carbon dioxide, and that the roots draw from the good earth hydrogen and oxygen in the form of water. We know that the energy of the sun combines these elements in the green leaves of the plant to form sugar, which is then stored in the roots, where it remains until we harvest the crop and extract the sugar or sucrose in raw form and refine it.

This is a miraculous manufacturing process of nature. Sunlight furnishes the power or energy. Carbon dioxide and water are the raw materials. The chloroplasts in the leaf cells of the plant are the factory. The root is the storage warehouse. Sugar is the product. And free oxygen is the by-product.

It has been written that the sugar beet is the most efficient plant for converting the energy of the sun into a form that can be utilized by man and animals.

The farmers of California -- and other areas where sugar beets are grown -- have combined with the scientists and inventors and agricultural experts of government and industry to develop marvelously efficient means of planting, fertilizing, thinning, irrigating, harvesting and marketing this immensely valuable crop.

Industrial pioneers like Claus Spreckels, and those who have followed in his path in this green and golden valley of California, have developed down through the years marvelous scientific methods of sugar manufacture. They tempt one to compare this process with the sugar-making miracle of nature itself.

These modern methods of shipping and handling the crop in a campaign, of washing the beets, slicing them into cossettes, putting them through the diffusion process, purifying and filtering the juice, and finally producing the sugar crystals, and the by-products of molasses and beet pulp -- all add up to a modern man-made miracle.

There follows the almost equally efficient methods of packaging, shipping and marketing the product of this miracle -- bringing its joyful treasure to the dinner tables of Mr. and Mrs. America.

Through all of these related activities there is a strong current of cooperation. It runs between the farmers, and the county agents, the researchers, and the scientists, the inventors, the shippers, and the processors, the manufacturers, the industrial management experts, and the men who administer the farm programs in Washington.

We who administer the programs in Washington salute you -- the sugar beet growers and the beet sugar manufacturers of California. We congratulate you in the Spreckels Company on the opening of this magnificent plant which will mean so much, not only to the economy of San Joaquin Valley -- but to the state of California and the nation.

We wish you great success in this magnificent venture. And we are certain success will be yours in this endeavor, which will mean so much to the welfare and the happiness of millions of Americans, not only in this great State, but all over this broad land of ours!

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